

Wichita Valley Railway Co., Fort Worth, Tex. (1) Compensation as previously reported and reimbursement of out-of-pocket expenses for month of December 1947, and January and February 1948, in sum of \$1,040.70. (2) Missouri Pacific Lines, \$40.77; Wardman Park Hotel, \$155.68; Shoreham Hotel, \$968.06; and to various other hotels, eating places, and others, in amounts less than \$10. (3) Transportation, \$40.77; hotels, \$1,123.74; meals, \$130.90; entertaining, \$230.60; tips, taxis, and incidentals, \$85.74; long-distance telephones, \$20.93. (4) None. (5) All legislation affecting Texas railroads.

Woodward, Albert Young, Signal Oil & Gas Co., 811 West Seventh Street, Los Angeles, Calif. (1) In addition to compensation as regular employee of Signal Oil & Gas Co., received \$1,853.83 as reimbursement for expenses itemized below. Included in reimbursement and expenses are items which were not directly or indirectly related to the passage or defeat of legislation but which amounts are not readily segregated. (2) Telephone and telegraph companies, hotels, taxicab operators, garages, stenographer, etc. (3) Telephone and telegraph, \$23.75; transportation (including cabs, car allowance, mileage allowance, and parking), \$233.55; reportorial and secretarial services, \$778.30; social and business engagements, \$689.95; postage, express, and miscellaneous, \$128.28. (4) None. (5) In addition to general activities unrelated to legislation, observes, analyzes, and reports on the several items of legislation introduced in Congress affecting oil and oil operations.

Wootton, Edward W., Wine Institute, 900 National Press Building, Washington, D. C. (1) \$3,000 quarterly, salary as manager of the Washington office of the Wine Institute; principal offices at 717 Market Street, San Francisco. (2) Received by the undersigned for all personal services rendered as manager of this office, some of which services involve legislative activity. (3) See (1) and (2) above. No expenditures were made by undersigned to any other person for legislative purposes. (4) None. (5) Proposed amendments to Internal Revenue Code affecting wine and brandy production and representations with respect to agricultural exemptions under Fair Labor Standards Act. Brief informal discussions relative to possible changes in law with respect to winery operations and also with respect to S. 265, S. 2352, and S. 2365, noticed for public hearing next quarter, also with respect to extension of Reciprocal Trade Agreements Act.

Work, McClean, Ketchum, Inc., 1400 Chamber of Commerce Building, Pittsburgh, Pa. (1) \$4,000. (2) Paid to self and assistants. (3) For services and living and travel expenses. (4) [Blank.] (5) S. 472 and H. R. 2953, supporting in behalf of National Education Association.

Worley, Harry F., president, National Customs Service Association, 5353 Reno Road NW., Washington, D. C. (1) He received only salary and reimbursement of travel, postage, office supplies, and office and incidental expenses. No part of money received for salary or expenses was expended in support of or opposition to any legislation. (2) See (1). (3) See (1). (4) Customs Service News, published monthly by the National Customs Service Association. He is editor. It covers the activities of the association, news of prospective and enacted legislation, and news of personal interest to the membership. (5) He supports legislation which would benefit officers and employees of the Federal Government and opposes legislation which is against their interests. He directs legislative, administrative, or court action affecting the interests of the officers and employees of the United States Customs Service. His appearance before the committees of Congress is incidental to other activities,

and forms only a small portion of the aggregate.

Wormhoudt, Marion P., 701 Union Trust Building, Washington, D. C.; R. W. Britton, 1416 Cherry Street, Erie, Pa. (1) The firm of Covington, Burling, Rublee, Acheson & Shorb, of which I am a partner, received a fee of which \$300 is considered applicable to registrable activities. (2) None expended. (3) None expended. (4) None. (5) Proposal to amend provisions of the Internal Revenue Code relating to partnerships.

Wozencraft, Frank W., Independent Bankers Association, 410 Gulf States Building, Dallas, Tex., 605 Southern Building, Washington, D. C. (1) \$2,500, fees for services (received by firm of Case & Wozencraft); \$669.93, reimbursement for traveling, telephone, and telegraph expenses. (2) Air lines, hotels, etc., in connection with travel involved; Western Union and telephone company. (3) See (2) above. (4) [Blank.] (5) Bank holding company legislation.

Wright, James Skelly, 813 Washington Building, Washington, D. C.; Baumer Food Products Co., 4300 Tulane Avenue, New Orleans, La. (1) None. (2) [Blank.] (3) [Blank.] (4) None. (5) H. R. 3186, Eightieth Congress, a bill for the relief of Alvin A. Baumer, doing business as the Baumer Food Products Co. of New Orleans, La.

Wright, Mrs. Leslie B., chairman of legislation, General Federation of Women's Clubs, 4620 Thirtieth Street NW., Washington, D. C. (1) For postage, office supplies, etc., \$6 board meeting expense, \$9.05. (2) See answer No. 1. (2) See answer No. 1. (3) See answer No. 1. (4) D. C. Clubwoman. (5) Not employed for pay. A volunteer worker for the General Federation of Women's Clubs. The General Federation supports legislation which pertains to the welfare of the home and to the general welfare, after given authority through the adoption of resolution by the delegate body.

Wright, Walter C., Jr., Tax Equality Committee of New Jersey, Inc., 44 Cooper Street, Woodbury, N. J. (1) Receipts, \$13.71; expenditures, \$13.71. (2) New Jersey Bell Telephone Co. (3) Pay calls on telephone. (4) None. (5) I am supporting any and all legislation tending to place cooperative associations on the same tax basis as noncooperative associations. More particularly, I am opposed to the virtual exemption from Federal income taxes the co-ops enjoy at present.

Yonkers, Andrew J., Socony-Vacuum Oil Co., Inc., 26 Broadway, New York, N. Y. (1) Salary, \$875 (this represents one quarter of the amount of registrant's annual remuneration which is attributable to the performance of duties which are subject to the Lobbying Act). Reimbursement for traveling expenses, \$626.99. Money expended (in connection with duties related to the Lobbying Act), \$626.99. (2) Railroads, air lines, taxis, hotels, restaurants, telephones, and tips. (3) Normal traveling expenses. (4) None. (5) Legislation affecting the petroleum industry.

Young, Donald A., Chamber of Commerce of the United States, 1615 H Street NW., Washington, D. C. (1) Received, salary, \$2,500; expenses, \$21.15; expended, transportation, \$16; meals, \$2.15; telephone, \$3. (2) Taxi companies, restaurants, telephone company. (3) Transportation to and from, and communication with, the Capitol; other normal and necessary expenses. (4) [Blank.] (5) All legislation of interest to business.

Zook, John D., 17 South High Street, Columbus, Ohio; Ohio Chamber of Commerce, Columbus, Ohio. (1) Columbus to Washington, D. C., and return, January 19-21: Transportation, \$50.49; hotel, \$18.31; miscellaneous expense, \$47.30; total, \$116.10. (2) Pennsylvania Railroad and Statler Hotels. (3) Actual and necessary traveling expenses on employer's business. (4) None. (5) Legislation dealing with social security, business, taxation, and other matters of interest to our organization.

SENATE

THURSDAY, MAY 6, 1948

(Legislative day of Tuesday, May 4, 1948)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Hear us, our Father, as we pray for a freshness of spirit to renew our faith and to brighten our hopes.

Create new warmth and love between the Members of the Senate and those who work with them, that they may go at their work not head first but heart first.

May they be able to disagree without being disagreeable and to differ without being difficult.

In an atmosphere of team spirit, give them freedom to be honest without tension and frank without offense, that Thy spirit will not be driven from their midst.

This we ask in Jesus' name. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, May 5, 1948, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed a bill (H. R. 6430) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1949, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 182. An act for the relief of Sgt. John H. Mott;

S. 576. An act for the relief of Dan C. Rodgers;

S. 981. An act for the relief of Carl W. Sundstrom;

S. 1142. An act for the relief of Anna Pechnik;

S. 1164. An act for the relief of Doris D. Chrisman;

S. 1630. An act for the relief of Louis L. Williams, Jr.;

S. 1648. An act to authorize the expenditure of income from Federal Prison Industries, Inc., for training of Federal prisoners;

S. 1806. An act for the relief of Ensign Merton H. Peterson, United States Naval Reserve; and

S. 1875. An act for the relief of the estate of Francis D. Shoemaker.

MEETING OF COMMITTEES DURING
SENATE SESSIONS

Mr. IVES. Mr. President, I ask unanimous consent that the Subcommittee on Investigations of the Committee on Expenditures in the Executive Departments be permitted to hold meetings, or a meeting, during the remainder of the present day, or any part thereof, which may be necessary.

The PRESIDENT pro tempore. Without objection, the order is made.

Mr. WHERRY asked and obtained consent that the Subcommittee on Roads of the Committee on Public Works be permitted to sit during the session of the Senate today.

COUNTING OF ELECTORAL VOTES—EDITORIAL FROM THE BOSTON GLOBE

Mr. LODGE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial from the Boston Globe of yesterday, which is in support of the joint resolution proposing a constitutional amendment which was reported favorably last Monday by the Senate Committee on the Judiciary, and which provides that in Presidential elections the electoral votes shall be counted in proportion to the popular vote.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

"THE DOOMED ELECTORS"

While the boys in the Republican fold are busy with their pencils over the returns from the Ohio primaries and Democratic Party bigwigs are wondering how to rally recalcitrant factionaries who threaten to wander off into the wilderness come convention time, a proposal to effect a revolutionary change in the election of Presidents was moving nearer test in Congress.

The Senate Judiciary Committee has voted, 6 to 1, to approve a measure sponsored by Senator LODGE which would, in effect, make the selection of a President a matter much more directly related to the voter than it is under the present electoral-college arrangement. This bill is now before the Senate Republican policy committee, which will decide when floor action may be sought in the Senate.

Simultaneously, the House Judiciary Committee has given assent to an identical bill which waits action by the Rules Committee. If the proposal is approved in Congress, a brand-new constitutional amendment will be on its way to the States for ratification.

The core of the pending measure concerns the electoral vote of each State. It is proposed that, in the election of President and Vice President, the electoral vote of a State shall be counted for candidates in proportion to the popular vote they receive. Thus, a State whose entire electoral vote now goes to the Presidential candidate winning the majority of the popular vote would, under the new plan, present opportunity to the defeated candidate to win one or more electoral votes. Under this arrangement, the winning of the Presidency would entail capture of a popular majority throughout the Nation.

The system instituted when the Constitution was framed, and represented by the electoral college and its electors, was expected to operate in a fashion quite other than it has. The plan was to choose electors who would select the man they preferred. The power of discretion still remains as a constitutional fact, but the record shows that it has not been exercised as intended since the days of George Washington.

A consensus of views made Washington the unanimous choice. But the struggle between Jefferson and Adams immediately thereafter stamped the impress of party preference upon electors. They began to divide accordingly. Nor did the method of selecting a Vice President fare much better. When Jefferson and Burr tied for the position of Chief Executive in 1800, the idea of giving second place to the unsuccessful candidate became snarled up in the problem of discovering who should get first place. A long-drawn-out battle of ballots among the electors made it clear that original provisions of the Constitution needed change. The twelfth amendment resulted.

Presidential electors have as a consequence become more and more useless. They exercise not discretion, but the function of recording secretaries for the returns of their States. The desirability of eliminating them has strengthened, despite the fact that in only one instance (when Monroe was chosen) has any elector ever ventured to invoke his discretionary right.

It is sound procedure to clip off this piece of constitutional deadwood. In so doing, however, it needs to be remembered that abolishing the Presidential electors and abolishing the electoral college are two entirely different matters. Any proposal to abolish the college would immediately run into a basic difficulty. The system of the electoral college involves one of the most important compromises effected by the makers of the Constitution—the right of all States, regardless of size, to equal representation in the Senate. No amendment aimed at canceling the foundations of that compromise would have a ghost of a chance of ratification by the smaller States of our Union today.

The merit of the proposed change in allotting electoral votes in each State is that it would make our Presidential elections truly national. Every vote would count save in a few one-party States. Even in these the amendment would speed growth of a real two-party system. Democrats in Vermont would have something to fight for. So would Republicans in South Carolina and Georgia.

UNCLE DUDLEY.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

AMENDMENT OF REVISED STATUTES RELATIVE TO
COVERAGE INTO TREASURY OF CERTAIN
MONEYS

A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to amend section 3552 of the Revised Statutes relating to the covering into the Treasury of all moneys arising from charges and deductions (with accompanying papers); to the Committee on Banking and Currency.

COST-ASCERTAINMENT REPORT OF POST OFFICE
DEPARTMENT

A letter from the Postmaster General, transmitting, pursuant to law, the cost-ascertainment report and appendix, Post Office Department, for the fiscal year 1947 (with an accompanying report); to the Committee on Post Office and Civil Service.

REPORT ON CONTROL AND ERADICATION OF
FOOT-AND-MOUTH DISEASE

A letter from the Acting Secretary of Agriculture, transmitting, pursuant to law, a report on cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease, for the month of March 1948 (with accompanying papers); to the Committee on Agriculture and Forestry.

ACQUISITION OF ADDITIONAL LAND ALONG
MOUNT VERNON MEMORIAL HIGHWAY

A letter from the Chairman of the National Capital Park and Planning Commission, transmitting a draft of proposed legislation to provide for the acquisition of additional land along the Mount Vernon Memorial Highway in exchange for certain dredging privileges, and for other purposes (with an accompanying paper); to the Committee on Public Works.

SETTLEMENT OF CLAIM OF CORPUS CHRISTI
SHIPBUILDING CO.

A letter from the Chairman of the United States Maritime Commission, reporting, pursuant to law, the settlement of a claim by the Corpus Christi Shipbuilding Co., Corpus Christi, Tex., in the amount of \$33,850.07; to the Committee on the Judiciary.

PETITIONS

Petitions, etc., were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A petition of sundry citizens of the State of Florida, praying for the enactment of the so-called Townsend plan, to provide old-age assistance; to the Committee on Finance.

A resolution adopted by the Citizens' Protective League, Inc., of New York City, N. Y., favoring the enactment of legislation providing for an American War Criminals Code for the punishment of military and civilian officials who have violated their oaths of office by misuse of positions of authority or neglect of duty for purposes of monetary or personal gain; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TOBEY, from the Committee on Banking and Currency:

S. 2549. A bill to increase the lending authority of the Export-Import Bank of Washington; without amendment (Rept. No. 1242).

By Mr. BUTLER, from the Committee on Interior and Insular Affairs:

H. R. 6067. A bill authorizing the execution of an amendatory repayment contract with the Northport Irrigation District, and for other purposes; with amendments (Rept. No. 1243).

By Mr. GURNEY, from the Committee on Armed Services:

S. 153. A bill authorizing the Secretary of War to have prepared a replica of the Dade Monument for presentation to the State of Florida; with amendments (Rept. No. 1244).

By Mr. BRIDGES, from the Committee on Armed Services:

S. 2077. A bill to authorize the Secretary of the Army to exchange certain property with the city of Kearney, Nebr.; without amendment (Rept. No. 1245).

By Mr. RUSSELL, from the Committee on Armed Services:

S. 2223. A bill to authorize the promotion of Lt. Gen. Leslie Richard Groves to the permanent grade of major general, United States Army, and for other purposes; without amendment (Rept. No. 1246).

By Mr. MORSE, from the Committee on Armed Services:

S. 2233. A bill to authorize the Secretary of the Navy to grant to the East Bay Municipal Utility District, an agency of the State of California, an easement for the construction and operation of a water main in and under certain Government-owned lands comprising a part of the United States naval air station, Alameda, Calif.; without amendment (Rept. No. 1247).

By Mr. MAYBANK, from the Committee on Armed Services:

S. 2291. A bill to authorize the Secretary of the Army or his duly authorized representative to quitclaim a perpetual easement over certain lands adjacent to the Fort Myers Army Airfield, Fla.; without amendment (Rept. No. 1248).

By Mr. WILSON, from the Committee on Armed Services:

H. R. 1562. A bill to increase temporarily the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States; without amendment (Rept. No. 1249).

By Mr. HILL, from the Committee on Armed Services:

H. R. 5035. A bill to authorize the attendance of the United States Marine Band at the Eighty-second National Encampment of the Grand Army of the Republic to be held in Grand Rapids, Mich., September 26 to 30, 1948; without amendment (Rept. No. 1250).

By Mr. BALDWIN, from the Committee on Armed Services:

H. R. 5805. A bill to extend the time within which application for the benefits of the Mustering-Out Payment Act of 1944 may be made by veterans discharged from the armed forces before the effective date of such act; without amendment (Rept. No. 1251).

By Mr. TYDINGS, from the Committee on Armed Services:

H. R. 2359. A bill to authorize the payment of a lump sum, in the amount of \$100,000, to the village of Highland Falls, N. Y., as a contribution toward the cost of construction of a water-filtration plant, and for other purposes; with amendments (Rept. No. 1252).

By Mr. MILLIKIN, from the Committee on Finance:

H. R. 5553. A bill to amend paragraph 1772 of the Tariff Act of 1930, as amended; without amendment (Rept. No. 1253);

H. R. 5933. A bill to permit the temporary free importation of racing shells; without amendment (Rept. No. 1254); and

H. J. Res. 296. Joint resolution to maintain the status quo in respect of certain employment taxes and social-security benefits pending action by Congress on extended social-security coverage; with amendments (Rept. No. 1255).

BILL INTRODUCED

Mr. WATKINS, by unanimous consent, introduced a bill (S. 2618) to provide for disposition of lands on the Cabazon, Augustine, and Torres-Martinez Indian Reservations, which was read twice by its title, and referred to the Committee on Interior and Insular Affairs.

AMENDMENT OF SERVICEMEN'S READJUSTMENT ACT OF 1944—AMENDMENT

Mr. BUTLER submitted an amendment intended to be proposed by him to the bill (S. 1268) to amend subsection 200 (c) of the Servicemen's Readjustment Act of 1944, as amended, which was referred to the Committee on Finance and ordered to be printed.

REGIONAL EDUCATION COMPACT—AMENDMENT

Mr. MORSE submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 334) giving the consent of Congress to the compact on regional education entered into between the Southern States at Tallahassee, Fla., on February 8, 1948, which was ordered to lie on the table and to be printed.

HOUSE BILL REFERRED

The bill (H. R. 6430) making appropriations for the Government of the District of Columbia and other activities chargeable in whole or in part against

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the revenues of such District for the fiscal year ending June 30, 1949, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, May 6, 1948, he presented to the President of the United States the following enrolled bills:

S. 192. An act for the relief of Sgt. John H. Mott;

S. 576. An act for the relief of Dan C. Rodgers;

S. 981. An act for the relief of Carl W. Sundstrom;

S. 1142. An act for the relief of Anna Fechnik;

S. 1164. An act for the relief of Doris D. Chrisman;

S. 1630. An act for the relief of Louis L. Williams, Jr.;

S. 1648. An act to authorize the expenditure of income from Federal Prison Industries, Inc., for training of Federal prisoners;

S. 1806. An act for the relief of Ensign Morton H. Peterson, United States Naval Reserve; and

S. 1875. An act for the relief of the estate of Francis D. Shoemaker.

HOW TO WRITE YOUR SENATOR—ARTICLE BY SENATOR BALDWIN

[Mr. FLANDERS asked and obtained leave to have printed in the RECORD an article entitled "How to Write Your Senator," written by Senator BALDWIN and published in the magazine Freedom and Union, which appears in the Appendix.]

CELEBRATION OF ONE HUNDRED AND SEVENTY-FIFTH ANNIVERSARY OF DICKINSON COLLEGE—ADDRESS BY SENATOR MYERS

[Mr. MYERS asked and obtained leave to have printed in the RECORD an address delivered by him at a special convocation at Dickinson College, Carlisle, Pa., on the occasion of the observance of its one hundred and seventy-fifth anniversary, which appears in the Appendix.]

PENNSYLVANIA INTERCOLLEGIATE CONFERENCE ON GOVERNMENT—ADDRESS BY SENATOR FRANCIS J. MYERS

[Mr. MYERS asked and obtained leave to have printed in the RECORD an address delivered by him on Friday, April 9, 1948, at Philadelphia, Pa., to the Pennsylvania Intercollegiate Conference on Government, which appears in the Appendix.]

DELAWARE'S VETERAN LAWS

[Mr. BUCK asked and obtained leave to have printed in the RECORD a résumé of the State laws of Delaware relating to veterans, their wives, widows, children, and orphans, and their organizations, compiled by James B. King, national service officer for the Disabled American Veterans, which appears in the Appendix.]

PART 1 OF A TWO-PART ADDRESS DELIVERED BY HENRY A. WALLACE AT YORK, PA.

[Mr. TAYLOR asked and obtained leave to have printed in the RECORD part one of a two-part address delivered by Henry A. Wallace at Pennsylvania People's Convention, Pennsylvania Wallace Committee, Sunday, March 17, 1947, at William Penn High School, York, Pa., which appears in the Appendix.]

SOUTHERN STATES COMPACT ON REGIONAL EDUCATION

The PRESIDENT pro tempore. The Chair lays before the Senate the joint resolution which by special order is the

business of the Senate at the moment. The clerk will read the joint resolution by title.

The CHIEF CLERK. A resolution (S. J. Res. 191) giving the consent of Congress to the compact on regional education entered into between the Southern States at Tallahassee, Fla., on February 8, 1948.

Mr. WHERRY. Mr. President, the order that was made last week, on the request of the Senator from Florida [Mr. HOLLAND], also provided that in the event the supplemental appropriation bill were ready, he would agree to have the joint resolution temporarily displaced after it was made the order of business, and that the Senate should then proceed with the appropriation bill, returning to the consideration of the unfinished business when the appropriation bill had been acted on.

I therefore ask unanimous consent, in order to make the record clear, that the Senate temporarily lay aside Senate Joint Resolution 191 and proceed with the consideration of House bill 6226, making supplemental appropriations for the national defense. I would suggest the absence of a quorum if the acting minority leader thinks it should be done in order that the Senator from Florida [Mr. HOLLAND] may be present.

Mr. HATCH. Reserving the right to object, Mr. President, I merely wish to state that I am advised that the Senator from Nebraska has correctly stated the situation, therefore there will be no necessity for a quorum call. I wish to inquire, however, whether it is the intention of the Senator from Nebraska to return to the consideration of Senate Joint Resolution 191 as soon as the appropriation bill shall have been acted on.

Mr. WHERRY. Yes; that is the unfinished business, and will automatically be resumed when the appropriation bill is out of the way.

Mr. HATCH. I have no objection to the request of the Senator from Nebraska.

SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1948

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska? The Chair hears none, and the order is made.

Under the unanimous-consent agreement just entered into, the Chair lays before the Senate, House bill 6226, which the clerk will state by title.

The CHIEF CLERK. A bill (H. R. 6226) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1948, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. BRIDGES obtained the floor.

Mr. WHERRY. Mr. President, I ask the Senator from New Hampshire if he will yield for the purpose of a quorum call.

The PRESIDENT pro tempore. Does the Senator from New Hampshire yield for that purpose?

Mr. BRIDGES. I yield.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Myers
Baldwin	Hayden	O'Connor
Ball	Hickenlooper	O'Daniel
Barkley	Hill	O'Mahoney
Bricker	Hoey	Pepper
Bridges	Holland	Reed
Brooks	Ives	Robertson, Va.
Buck	Johnson, Colo.	Russell
Butler	Johnston, S. C.	Saitonstall
Byrd	Kem	Smith
Cain	Kilgore	Sparkman
Capper	Knowland	Stennis
Chavez	Langer	Taft
Connally	Lodge	Taylor
Cooper	Lucas	Thomas, Okla.
Cordon	McClellan	Thomas, Utah
Donnell	McFarland	Thye
Downey	McKellar	Tobey
Dworschak	McMahon	Tydings
Eastland	Magnuson	Vandenberg
Ecton	Malone	Watkins
Ellender	Martin	Wherry
Ferguson	Maybank	White
Flanders	Millikin	Wiley
Fulbright	Moore	Williams
Green	Morse	Wilson
Gurney	Murray	Young

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from South Dakota [Mr. BUSHFIELD], the Senator from New Jersey [Mr. HAWKES], the Senator from Indiana [Mr. JENNER], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from West Virginia [Mr. REVERCOMB] are necessarily absent.

The Senator from Wyoming [Mr. ROBERTSON] is necessarily absent on official business.

The Senator from Indiana [Mr. CAPEHART] is absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from Georgia [Mr. GEORGE] and the Senator from Tennessee [Mr. STEWART] are absent because of illness in their families.

The Senator from Rhode Island [Mr. MCGRATH] is absent by leave of the Senate.

The Senator from Nevada [Mr. McCARRAN], the Senator from North Carolina [Mr. UMSTEAD], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent because of illness.

The PRESIDENT pro tempore. Eighty-one Senators having answered to their names, a quorum is present.

Mr. BRIDGES. Mr. President, the bill which is now before the Senate would provide funds for the procurement of aircraft by both the Air Force and the Navy. In the judgment of your Appropriations Committee, both the Army and the Navy have justified the funds the committee recommends.

To be specific, the bill provides \$923,100,000 in cash and \$2,275,000,000 in contract authorizations for aircraft procurement and related matters. These funds are divided as follows between the Department of the Air Force and the Bureau of Aeronautics, Department of the Navy:

For the Air Force, the bill provides \$473,100,000 in cash from the 1949 budget; and \$135,000,000 in cash from the supplemental estimate presented by the President, or a total of \$608,100,000 in cash for the Air Force.

Again for the Air Force, the bill provides \$550,000,000 in contract authoriza-

tion from the 1949 budget; \$315,000,000 in contract authorization from the supplemental estimate presented by the President; and an additional \$822,000,000 in contract authorization inserted in the House of Representatives, or a total of \$1,687,000,000 in contract authorization for the Air Force.

For the Navy the bill provides \$255,000,000 in cash from the 1949 budget and \$60,000,000 in cash from the supplemental estimate presented by the President, or a total of \$315,000,000 in cash for the Navy aircraft procurement.

Again for the Navy, the bill provides \$373,000,000 in contract authorization from the 1949 budget, and \$215,000,000 in contract authorization from the supplemental estimate presented by the President, or a total of \$588,000,000 in contract authorization for the Navy aircraft procurement.

Mr. President, at this point I should like to insert in the RECORD a tabular presentation of these financial statistics.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Procurement of aircraft and related functions

	Air Force		Navy		Total	
	Cash	Contract authority	Cash	Contract authority	Cash	Contract authority
Total.....	\$608,100,000	\$1,687,000,000	\$315,000,000	\$588,000,000	\$923,100,000	\$2,275,000,000
From 1949 Budget.....	\$473,100,000	\$550,000,000	\$255,000,000	\$373,000,000	\$728,100,000	\$923,000,000
Supplemental.....	\$135,000,000	\$315,000,000	\$60,000,000	\$215,000,000	\$195,000,000	\$530,000,000
House addition.....		\$822,000,000				\$822,000,000

¹ Includes \$250,000,000 to liquidate previous contract authority.

² Includes \$150,000,000 to liquidate previous contract authority.

Mr. BRIDGES. Mr. President, of these amounts, \$250,000,000 cash appropriation will be used for the liquidation of previous contract authorization for the Air Force and \$150,000,000 cash appropriation will be used for the liquidation of previous contract authorization for the Navy.

Furthermore, the committee has found it necessary to recommend an appropriation of \$35,100,000 for the Corps of Engineers which is in no way related to the plane procurement program.

Thus, the total appropriations in the bill are \$958,200,000 in cash and \$2,275,000,000 in contract authorization. It is identical with the bill as it passed the House with the exception of the above-mentioned item for the Corps of Engineers.

These appropriations and authorizations, if granted, will permit the institution of a maximum of 70 air groups which is the minimum peacetime Air Force required for national security.

The items about which there is dispute involve Army Air Force expansion only. It is with reference to those items that I speak to the Senate.

The National Defense Supplemental bill which is now before us allocates to the Department of the Air Force certain additional funds for the fiscal year 1949.

By our action upon this bill, we shall help to determine what weapons this country will have at its disposal in the period 1951-53. We are warned that it is in that period that Russia may have erased the great military advantage which we now hold by virtue of our exclusive possession of the atomic bomb.

The question before us is, At that future date, when our monopoly of atomic weapons may be reduced to preponderance or even to equality, what physical guaranty of this country's security is to exist in its place? In one sense, the action which we take is conclusive and irrevocable, because if the Congress should determine not to provide the means for commencing now the procurement of weapons and the training of units for

a possible crisis in 1952, we shall have determined beyond recall that weapons and units which take 4 years to produce and train shall not be ready at that future date. In another sense, our action is not conclusive and irrevocable, because if we do now appropriate funds adequate for the so-called 70-group air force program, we shall still retain the power to review subsequent appropriations for this program. If, by some happy, unexpected turn of international affairs, the tensions which now hold the world in the grip of fear should be relaxed, this program could be abandoned or reduced and further drains upon our resources eliminated.

At the moment, however, we must face facts as they are, not facts as we hope they will be. The dominant fact is that the peoples of the globe have thus far failed to achieve the hope of one world. At the moment, we face a two-world situation. We have hope that the power of good will ultimately prevail, but until that day comes we must be prepared to live with a situation in which the present division continues.

Ours, then, is the obligation of constant vigilance. We must have friends and we must have strength. The European recovery program is designed to bolster the economies and restore the strength of our friends in Europe. Fully adequate air power, including the weapons of defense and the weapons of retaliation, is, in my judgment, the first-priority item of the strength we must have.

There are certain basic facts behind the 70-group program.

First, as to the nature of Russian military power. Russia is a land power. She has more divisions now active than we had at the peak of our wartime effort; and the only limit on the number of her divisions of disciplined manpower is the will of the tenants of the Kremlin. With this we can never hope to fully compete, even if events should make the effort necessary.

Russia is not a naval power. Our fleets dominate the seas with a Navy greater by far than all the sea power of the rest of the world combined. This United States supremacy must be preserved, with particular emphasis upon modern underseas craft.

Russia is an air power. The testimony we have heard as to the rate and quality of growth of the Russian Air Force makes expansion of our own Air Forces necessary in a Communist-threatened world. It must be categorically stated that the belief that the research and development resources of Russia will not permit the design of high-performance aircraft and that the industrial resources of Russia are not adequate for the precision manufacture of large numbers of aircraft, is unjustified. It must be remembered that the Soviets captured many of the leading German scientists and engineers, and all the evidence points to the conclusion that the Russian military leaders have bent these scientists and engineers to their will.

Second, let us look at the position of air power in a plan of national security for the United States. No one thinks, least of all the Senator from New Hampshire, that air power alone can secure America or win a war. We must have balanced air, ground, and sea forces. But it is also clear that in a contest between two great nations on different continents, the nation which has air supremacy cannot lose the war, and the nation which lacks air supremacy cannot win. Dominant air power can give to the United States the defensive strength to try to ward off the first blow by which an enemy could hope to inflict upon us a super Pearl Harbor. It can also give to us the offensive weapon of retaliation which may induce an aggressor not to run the risk of attacking us or, if he does, can throw the enemy off balance and keep him at bay while our war machine is being brought up to full strength. Let it be noted that these two tasks of defense and retaliation add up to the total responsibility for protecting this country from the risk of losing a war in its first 30 days. No ground forces and no sea forces can assume this responsibility. In later phases of a possible war, air, ground, and sea forces will build up together into the particular striking arm which the circumstances may call for. But in the initial phase our line of defense is necessarily in the air.

Furthermore, the military machine of the only possible opponent we have in the world today is sustained by industries deep in the interior of the Eurasian supercontinent. The problem of destroying these industries is similar to the problem we had in destroying the Nazi war machine, but it is more difficult because of the distances involved. Interior targets must be reached in the face of defenses which commence on the perimeter. We must rely upon long-range air power, possibly over the Arctic approaches, to perform this basic task.

In order to meet the responsibilities of American air power as I have just outlined them, it is necessary that the air forces have four resources: First, adequate numbers of men and machines

to meet operational needs; second, constant modernization of equipment to avoid the dangers of becoming obsolete; third, adequate reserves to establish a cushion capable of absorbing attrition; and fourth, a healthy aircraft industry capable of meeting demands for wartime expansion. It is in these terms that I shall describe the 70-group program which the Air Force has presented, which was urged upon us by General Eisenhower 2 years ago as the minimum requirement for air safety, which the President's Air Policy Commission adopted and recommended, and which was confirmed by our colleagues in the report of the Congressional Air Policy Board.

In terms of men, machines, and units, the Air Force program is designed to bring into existence by June 30, 1949, 70 combat groups of aircraft fully manned and equipped. But these groups will have two defects in terms of war operations. A considerable number of these groups will have been recently formed. Their personnel will lack the thorough training which would be necessary to make them ready for combat. The aircraft and equipment of the groups will largely be drawn from the storage reserves of World War II, and will, therefore, be obsolete. Thus, as of the end of fiscal year 1949, the 70-group program contemplates adequacy of number of units, but the force will of course not be fully modernized or completely trained.

Modernization is a process which must strike a balance between the needs of the Air Force for wholly modern equipment and the long-range requirement of a healthy military aircraft industry. It would be unwise, even if it were possible, to foster a rapid peacetime expansion of production facilities, reaching an early peak of production, followed by a sharp decline in units required. Therefore, the air force program calls for a steady increase of contracts for military aircraft in accordance with the following figures:

1949-----	2,911
1950-----	4,096
1951-----	4,589
1952-----	5,200

The program contemplates a leveling-off of military aircraft production at a constant figure of 5,200. During 1950 and 1951, this production will be largely devoted to replacing, in the 70-group regular establishment, the obsolescent aircraft of the storage reserve. Beginning in 1951 and 1952, the new production will be devoted in part to keeping the regular establishment modernized, in part to developing an adequate modernized storage reserve, and in part to continuing the modernization of the 27 groups of the first-line Air National Guard which is an essential part of the program designed to create an Air Force capable of sustained operations. It is obvious that our security requires more than a one-punch air force.

In view of the fact that the Joint Chiefs of Staff and the Secretary of Defense have now adopted the principle of the 70-group air force, it is less necessary today than it would have been some time ago to point out the difference between the 55 groups, as originally recommended to the Congress by the Sec-

retary of Defense, and the 70 groups which now have been accepted in principle, with the temporary deferment of four of those groups in the fiscal year 1949. But I wish to point out, Mr. President, that 10 of the additional groups comprise the very-long range bombers which, together with the atomic bomb, make up this country's threat of retaliation to any aggressor.

The thing that stops an aggressor from plying his evil trade is the fear that the intended victim can strike back equally as hard or twice as hard.

It remains to translate the program which I have just described into dollar appropriations for the fiscal year 1949. The proposals which are now before us or will shortly be presented consist of one original and three supplemental appropriations.

Mr. MAYBANK. Mr. President, will the Senator yield, or does he prefer not to yield until he has finished his statement?

Mr. BRIDGES. I should prefer to complete this statement, and then have questions asked, if that is agreeable to the Senator.

Mr. MAYBANK. Certainly.

Mr. BRIDGES. The original budget presented by the Secretary of Defense allocated \$3,054,000,000 to the Air Force, and was intended to support a 55-group force. The Joint Chiefs of Staff recently agreed to an ultimate 70-group program, with 66 groups for the fiscal year 1949. As a means of financing this increase over the original proposals, the Joint Chiefs concurred in the allocation to the Air Force of an additional \$1,133,000,000. This supplemental figure permits an increase in numbers of air units and personnel, but does not provide for the modernization program. The modernization program is given financial support by the supplemental appropriation of \$822,000,000, which was overwhelmingly voted by the House of Representatives. It is this supplemental amount which assures the quality of the 70-group Air Force, as the other appropriations assure its quantity. Finally, there is to be expected a proposal for \$345,000,000 for construction of installations over a period of time, and it is believed that military and Budget authorities are agreed upon this figure. Thus, the total financial support of the 70-group program for fiscal 1949 is as follows:

	Million dollars
Original appropriation-----	3,054
Supplement agreed by Joint Chiefs-----	1,133
Modernization program voted by House of Representatives-----	822
Construction of installations-----	345
Total-----	5,354

It will be noted that, looking ahead, the construction of installations which are necessary will add something over \$300,000,000.

At one time it was suggested that appropriations for the Air Force in these amounts would produce an unbalanced force, although I understand that the recent agreement of the Joint Chiefs of Staff has eliminated that factor. It is, of course, vital that our forces should be balanced; but the criterion of balance is

the important thing. Balance must be determined according to the task that could be ours. For example, it would seem clear that the composition of forces which would provide balance in such a war as was waged against Japan in 1941 to 1945 would be a classic example of imbalance in such a war as was waged against Germany in the same years, and in the present situation.

In former days when the great powers numbered six or eight, any nation had to be prepared for a turn of the wheel of international politics which would put it at war in any combination of allies against any combination of enemies. But one compensating advantage in the present unhappy world situation is that we know who will attack us if anyone attacks, and whom we must be prepared to meet. This simplifies and sharpens the focus of our military problem. Balance is no longer an abstract thing; it is a question of meeting the military potential of only one potential enemy.

The balance we need is that combination of armament and men which will throw up the strongest wall of defense and pack the heaviest punch of offense against that one adversary. There can be no justification for absolute ratios between the three services, or of vested interests of any service in particular numbers of men or amounts of appropriations. The balance required is an external military balance against Russia, not an internal political balance to preserve the relative status of any one service.

In that same connection we should be watchful of any tendency on our part or on the part of our military advisers to commit the classic military crime of balancing one against the other. Weapons cling to life far beyond their usefulness and military institutions cling to relative position far beyond their importance because the careers of men are wrapped up in them. Wars have been lost and nations have fallen by failing to keep pace with military developments. This lesson ought not be too difficult for a nation which saw France fall after ignoring De Gaulle's pleas to mechanize and which finished off its latest war with the atomic bomb.

It is perhaps a coincidence that within the last month there has appeared that part of the Memoirs of Winston Churchill which deals with the day in March 1935 when the British made the bitter discovery that Germany had already achieved air parity and had developed the production and training facilities for achieving clear air superiority. Let me quote his words:

Owing to the unlucky discovery by an immature civilization of the internal combustion engine and the art of flying, a new weapon of national rivalry had leapt upon the scene capable of altering much more rapidly the relative war power of states. . . . A disaster of the first magnitude had fallen upon us. Hitler had already attained air parity with Great Britain. Henceforward he had merely to drive his factories and training schools at full speed, not only to keep his lead in the air but steadily to improve it. Henceforward all the unknown immeasurable threats which overhung London from air attack would be a definite and compelling factor in our decisions. . . . (this) gave Hitler the foundation for the successive acts

of aggression which he had planned and which were now soon to take place. . . . The outbreak of the war found us with barely half the German numbers.

This, Mr. President, is no tale from ancient history. It happened just 13 years ago in a situation which is alarmingly similar to the one in which we find ourselves at the present date. We must heed its lesson.

We have no need to take counsel of despair. Air warfare is an enterprise which puts a premium upon the qualities in which Americans excel—courage, initiative, quickness of hand and eye, mechanical skill, ingenuity. But if our young men are to give this country the protection of air power and the retaliatory weapon that will deter aggression, they must have the tools with which to work. I do not believe we can run the risk of failing to provide the funds proposed in this bill. In recommending these appropriations; I, for one, am refusing to gamble with the safety and security of my country.

Mr. LODGE. Mr. President, the fact that we have before us today this appropriation bill calls for a few observations on just what preparation for total war under modern conditions actually involves.

I speak as one who has always been in favor of legislation for national defense. I believe I was one of the first advocates of compulsory service and of an increased Air Force before the United States entered World War II, and was the author in June last year of an amendment to the then pending appropriation bill to provide for 70 air groups. I have for a long time been convinced that aviation is the spearhead of our military strength.

But let us be accurate. It is noteworthy that 70 air groups, as proposed by me last June, and as proposed by the Finletter Commission—that is, the President's Air Policy Commission—in January, would have entailed approximately 400,000 men and about 750 additional planes. Seventy air groups today, according to the Department of the Air Force, provides for 502,000 men and, I presume, a corresponding increase in planes. The committee report does not say. In other words, an air group is a very elastic unit, which can be stretched as conditions require, and it is not strictly accurate to say, as the committee report does, that "this 70-group program" has been supported by authorities "for the past 3 years." This is a larger and more substantial 70 air group than we have ever had before. I intend to support this appropriation, however, partly because the committee has studied all the facts and heard all the evidence and has reported it by such an overwhelming majority and partly because it is impossible in this field to say dogmatically that any one figure is too large or too small. And if the committee says 70 groups and Secretary Forrestal says 66 and the groups themselves are collapsible and expandable, it is impossible to pinpoint and get sharp focus in an argument like that.

But the same logic which impelled me last June to offer an amendment to provide for 70 air groups impels me also to point out today that we cannot achieve

security simply by building airplanes. If we could, this world would be very simple. The truth is that if we thought that we were facing war this year we would do a great deal more than build 70 air groups; and if we are preparing for a possible war several years ahead, we would, above all, be sure that at the moment we went to war we had an industry which was capable of turning out the weapons which would be as modern and effective as science could design.

Our decision on this whole question can only be intelligently made in the light of two factors. The first factor is the imminence of war. On this we appear to have divided counsels from the executive branch of the Government. The second factor is the amount of governmental expenditure which must occur before economic controls become essential. On this, too, we are completely in the dark. Yet these are the two vital prerequisites to an intelligent judgment.

Think of it. The two things we need to know in order to make that decision are the two things we do not know.

The Secretary of the Air Force, for whom I have very real regard, in addition to pleading the cause of aviation which it is his specific duty to do, has, in response to questions from Members of Congress, made comments in fields regarding which he does not speak with especial or exclusive authority.

His view on the imminence of war must, of course, be matched up with that of the Secretary of Defense, the Secretary of State, and the President of the United States, and the President pro tempore of the Senate. We do not know to what extent he was speaking for any of the officials in the executive branch.

His estimate that Russia will go to war on us as soon as she has the atomic bomb involves judgments regarding which, again, he does not speak with any professional or technical authority. Here, too, the opinions of the Secretaries of the Army and Navy and of the Secretary of Defense are also to be considered, and here again the most decisive opinion of all would be that of the Secretary of State. So far as I know he has not expressed an opinion. It appears to me to be at least debatable whether Russia will automatically go to war as soon as she develops the atomic bomb. She might be much more likely to go to war once she is satisfied that we are so loaded up with obsolete equipment and that our productive capacity has so lost its elasticity because of premature drains on its manpower and natural resources that we were incapable of fighting effectively. To me it is obvious that the time for the enemy to strike may not necessarily be at the moment that they develop the bomb, but at the moment when our capacity to retaliate is at its lowest.

Every thoughtful professional military man knows very well that our prime military asset is our industrial productive power, because it is an asset which is possessed to the same degree by no other nation.

Other nations have oil; other nations have minerals; other nations have young manhood; other nations have huge geographic areas, but no nation has pro-

ductive power to the same degree that we have. That is our prime military asset.

We must not load ourselves up with equipment too early and do it at such a rate that we are forced to impose controls and thereby militarize our economy in a time of relative peace. The true test of statesmanship is whether we can do the job we need to do without militarizing our economy—without spending so much that we must enact wartime controls—thereby severely hampering our capacity for industrial growth.

In addition to the normal expenditures of government, we have just embarked on huge expenditures for foreign economic recovery. Today we decide to spend vast new amounts for our own defense. Tomorrow we may decide that we must appropriate more sums to arm certain foreign countries. Where is all this going to end? The European recovery program and our own civilian economy are, I am told, already threatened by steel shortages on account of our defense program. There must be a limit. Where is the limit?

There should, I believe, be a thoroughly scientific determination of what the point of public expenditures is at which we have to militarize our economy and go to allocation, priorities, rationing, and other controls. Perhaps the Committee on the Economic Report or the Joint Committee on the Budget should give us a finding on this subject. Certain it is that we cannot legislate wisely without having a sure and definite idea of just exactly what straw it is that breaks the camel's back. We know there is one, but which one is it?

We must also develop a better system for making our large-scale military preparations. Obviously, the Secretary of Defense needs more help. Obviously, too, the Congress must approach the task with more balance and more understanding.

In fact, it has become painfully clear that no satisfactory method at present exists to resolve the differences between the armed services and to produce an intelligent and integrated plan. The services have massive staffs and long experience with which to back up their recommendations. The Secretary of Defense, although an extremely competent official, is, as the past few months have proven, so lacking in professional help that he cannot possibly resolve the differences. What happens? The controversy is passed on to Congress and we here are thus required to resolve a technical dispute between professionals. It is utterly preposterous and would be comical if the consequences were not so dangerous. Let it also be noted that this situation is subjecting the heads of our armed services to bitter criticism which, while often undeserved, shakes confidence in our military men to a degree which can be dangerous.

Clearly, we must set up an intelligent method for resolving the differences between the services in a prompt, professional and authoritative manner and we must do so without delay. I have said that we can ruin ourselves by destroying our economy just as surely as we can be ruined by atomic bombs. There

is yet another way—which is due to the fact that if we had to fight a future war along the organizational lines now existing between the three services we might well be defeated without extensive enemy action. We would simply have been snarled up in our own red tape. Our preoccupation lest some of the services lose some of their prerogatives can well result in our losing a war. Let us hope that the inexpressible confusion which has shrouded the topic of preparedness in the past few weeks has finally taught us that the whole is more important than any of its parts.

Even if we take this lesson to heart and set up an intelligent method for resolving service differences, Congress will still have plenty to do insofar as the common defense is concerned. Our function is to match up the requirements of all the armed services with all the other aspects of national life which involve the common defense. For example, there is just so much manpower in the United States; our task is to prescribe policies for its use. There is just so much productive power in the United States; our task is to prescribe policies for its apportionment as between military and civilian items. There are just so many raw materials and natural resources in the United States; our task is to develop policies for their conservation and use.

In these days of total war and total foreign policy, we in Congress have enough to do without getting into the disputes between the uniformed services. Except where these disputes impinge on the broad field of national policy, these matters should be settled in the Pentagon—and they should be well and authoritatively settled.

Congress, therefore, must not ask witnesses questions which lie outside of their special province. We must proceed with balance and understanding. We must not conduct ourselves in such a way as to deserve the remark attributed to James Reston, of the New York Times, that "when you tell Congress nothing, they go fishing; but when you tell Congress the facts they go crazy." We must get some balance and some moderation in our views of these matters.

Mr. President, I hope future historians will not record that in these years Russia merely sat back and by angering the American people caused us to make such vast expenditures of money, materials, and manpower for so long a period of time that the United States, because of its so-called preparedness program, actually killed the goose that laid the golden eggs. If we increase appropriations every time we get angry, we can, over a period of years, bleed ourselves to death. In matters like these, which involve the life and death of our country, I want no foreign nation to call the tune or to set the time. It is a new thought, I think, in American foreign policy, to have no foreign nation call the tune or set the time. Let us always maintain the initiative.

I object to being bullied or hornswoggled by any foreign state into weakening, if not destroying, our prime military asset—which is our productive

capacity. Measures of immediate preparedness must not be of such a nature that they force us to militarize the American economy; our desire to be ready for the first blow in any future war must not force us to take steps which would make it difficult, if not impossible, for us to win the closing battle.

It is high time that professional military men, in common with Members of Congress, cease taking the narrow view that if Congress provides for one particular military activity, all will be well. They ought to be equally concerned with the maintenance of our productive capacity. In fairness, I shall say that many of them already are. They ought to be equally concerned with the vital necessity for maintaining a free economy in this country because the experience of the last war should have taught us all that this productive skill will be the decisive factor in any war of the future.

Mr. WHERRY obtained the floor.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield to the Senator from South Carolina.

Mr. MAYBANK. I deeply appreciate the Senator's yielding to me, because I have a very important engagement I must keep in less than 5 minutes, and I wish at this time to say a few words in connection with the pending measure.

Last year I supported the Senator from Massachusetts in his amendment to the appropriation bill then pending, providing for the additional funds necessary for the Air Force. The problem before us is a simple one. It is merely a question as to whether we will depend for our security on equipment of World War II, or whether we will keep pace with technological developments both here and abroad—developments which are reflected in the armed forces of our potential enemies.

The solution to this problem is apparent once we consider two essential facts—first, that the minimum strength the United States Air Force must maintain in peacetime is represented by the 70-group program with which we are familiar; and, second, that the air groups in this program must be equipped with modern airplanes.

On the first point, the Air Force has presented consistently for almost 3 years, and before both Houses of Congress, that the strength represented by the 70-group program is the minimum we must have in being during times of peace in order to give reasonable assurance of a reasonable ability to provide for our national security. This requirement has been supported by the findings and recommendations of the President's Air Policy Commission and by the Congressional Air Policy Board. It has been supported by the recent action of the House of Representatives, and has been favorably reported by the Senate Appropriations Committee.

The second point: That the Air Force groups must be equipped with modern aircraft, is a sensible corollary. It is in the long run wasteful of money, of men, of effort, and of effectiveness to equip an air force with second-rate equipment. It may be compared to a deliberate plan to hold the second-best poker hand.

We have failed in our duty if we take the risk of bringing World War II equipment out of storage to equip our Air Force, and make no provision now for the replacement of such aircraft at the earliest possible date with equipment designed and developed for the age in which we are living. Technical progress has been marked in the aircraft fields since that equipment was designed and developed from 5 to 10 years ago. To fail to provide for the modernization of an air force of the proper size and composition would leave us with a false sense of security and would be most dangerous.

The immediate issue involves the sum of \$822,000,000 for the procurement of new aircraft, the bulk of which will be delivered in 1950 and 1951. The total number of aircraft procured with this money is 1,056, 804 of which are jet-engine fighters.

The fighter aircraft is the primary weapon for defense. Should any of our great cities be subjected to attack, it would be on the fighters that we would place the greatest share of reliance for our protection. The responsibility for the air defense of the United States is placed upon the Air Force Air Defense Command. The Air Defense Command discharges this vital function by the operation of some Regular Air Force fighter groups, but its main defense effort will be carried out by the National Guard.

I am told that the 804 fighters included in this program will equip approximately 10 fighter groups. I do not know what proportion of these specific aircraft will go directly to the Regular Establishment, and what number will go directly to the National Guard. I assume this specific assignment will remain flexible so as to best meet changing conditions. It is apparent, however—and I have been assured that this is correct—that a major part of this procurement program will be reflected in the number of jet-type aircraft assigned to National Guard units. Whether these aircraft come directly from procurement or indirectly, as a result of replacement in the Regular Air Force, is immaterial. The important fact is the National Guard will have modern jet-propelled fighters with which to carry the burden of the air defense of continental United States, with which to defend our vital cities and industries, rather than the P-47's and P-51's, the Thunderbolts, and the Mustangs of World War II.

The defense of our homes and of our industries has certainly the first call on our time, our effort, and our resources. The aircraft provided in this program will constitute a significant step toward the provision of an adequate and effective defense force. The pending measure provides directly for the protection of our homes, of our cities, and of our industries. It gives further assurance of preserving American life and American institutions. It is a form of national insurance.

The bill we are considering also provides for modern bombers and other type of supporting aircraft which are just as essential to the over-all problem of being prepared to meet an emergency, and just as necessary to the strength of the United States. I have stressed the fighters be-

cause the requirement for the air defense, which they will assist in providing, is a vital consideration of every American.

We cannot provide for such defense after an emergency. If we are to achieve a reasonable degree of modernization by 1951 or 1952, we must start this program now. We must have the strength necessary for our own security. We must have the strength commensurate to the position and responsibilities of the United States.

I urge, therefore, that the recommendations of the Senate Appropriations Committee, which call for the immediate modernization and strengthening of the United States Air Force, be approved by the Senate.

I again thank the Senator from Nebraska for yielding to me.

Mr. WHERRY. Mr. President, I was deeply interested in the observations made by the chairman of the Committee on Appropriations, the Senator from New Hampshire [Mr. BRIDGES], who has charge of the pending bill, and also the remarks made by the Senator from Massachusetts [Mr. LODGE], who of course is informed on military matters, and whose judgment I highly respect.

In his remarks the Senator from Massachusetts is concerned with the proper defense of the United States of America, but at the same time he has expressed the opinion that it is necessary that we preserve the domestic economy. With that observation I am in total agreement. In fact, from the very beginning of the consideration of appropriations this year it has been my thought that if the appropriations for ERP, the national security, and the other activities could all have been presented to the Congress at the same time, it would have given us some idea of what the budget ought to be, and whether or not our economy could stand the strain being placed upon it because of appropriations.

As I figure it, we are likely to have a budget calling for expenditures close to forty-six or forty-seven billion dollars, and the Senator from Massachusetts might as well make up his mind now that our economy is strained, and the problem now is whether or not we can continue under the free enterprise system without the imposition of wartime controls. That is a problem which concerns us all.

Today we have before us a bill providing for supplemental appropriations for procurement by the air branch of the armed services. As the distinguished Senator from Massachusetts recounted and as the distinguished Senator from New Hampshire also stated, the Senate will have before it later bills making appropriations for the Army and also for the Navy. I am not sure what the amounts involved in those bills will be, but I want the RECORD to show clearly that I, for one, believe that even though appropriations are to be cut, either along the economic front or along the military front, yet I want to see a strong defense in the air for our own national security. It is for that reason that, regardless of the fact that the other appropriation measures are not yet before the Senate and will have to be considered later, I want the RECORD to show that I desire

that we have a strong air force capable of defending the national security of the United States of America, and that if cuts in expenditures are to be made they should be made in some other place, either in the other branches of the military or on the economic front. I believe the first line of defense for national security is in the air. For that reason I supported the pending legislation in the committee of which I am a member, and followed the leadership and the judgment of the chairman of the Appropriations Committee.

Mr. President, there was one thing I had hoped the distinguished Senator from Massachusetts would mention, because I know he is very much interested in stopping the expansion of communism abroad; and that is that we must stop communism at home. When the Senator described the types of warfare we might expect, there was one form he left out, and that is that atomic bombs might be used against us here within the United States. That form of warfare ought to be of concern to us in giving consideration to the types of defense we shall make appropriations for in the future. Certainly there exists a threat today that atomic bombs can be used against us within the United States by those who today are not only attempting to destroy Europe but are menacing the form of government we have in the United States. I say that is a matter which must be borne in mind when we consider what branch of the service we must strengthen. We should have in mind that here at home we may be attacked by means of the atomic bomb.

Mr. President, we have before us today the appropriation measure relating to the strengthening of our Air Forces. As I have unqualifiedly said, I believe in strengthening our Air Forces. I think our air power is our first line of defense. I happened to have belonged to the Air Corps in the First World War. I was convinced then, as I am now, that our national defense is just as strong as the defense we have in the air, both at home and abroad. So, as a member of the Appropriations Committee, I voted favorably to report the pending bill, H. R. 6226, to the calendar, and I am certainly glad the bill is now before the Senate for consideration, because I feel it represents a "must" appropriation. I feel that this is one thing we must do. We must strengthen our air defense.

In the debate in the Senate on the ERP it was my feeling that the Senate adopted the wrong approach in its attempt to stop the expansion of communism. Of course, when the vote was taken, the arguments I made did not prevail. The vote against the position I took was 3 or 4 to 1. But I expressed the feelings I had at the time, and those are my feelings now. I thought we made the wrong approach in our attempt to stop communism, because, as I said then, it is useless to continue financing a bankrupt foreign policy. I stated on the floor of the Senate many times during the debate, based upon my personal observations in Europe, that, while we should provide food for relief, economic aid alone would not stop the infiltration of communism into the border countries of eastern

Europe. I said it then and I say it now. The fact that Russia overran Czechoslovakia at the very time the debate on ERP was under way was ample evidence of the justice of the position I took at that time.

I feel, as was expressed by the Senator from Massachusetts, that while we must seriously consider the strain on our own economy, voting appropriation for an increased Air Force is voting first things first; and that if any cut is to be made in the budget it should be made in a direction other than what I think is the first line of defense for our national security. For that reason I should like to see measures dealing with appropriations for national defense come before the Senate at an early moment, and acted upon.

Mr. President, to my mind, unless military aid is also granted in connection with economic aid to Europe what we have done will not result in stopping the threat of communism in Europe.

During the debate I also stated that there was only one way to stop the expansion of communism, and that was to tell Russia how far she could go; to mean what we said, and to say what we meant, and to put our own house in order so that we would be able to defend ourselves in case our defenses should be attacked here or over there.

I hope Senators will recall that I made that statement on the floor, and I now make it with greater force than I made it then. I am of that opinion 100 percent. That is the way to stop them. That is the only way to stop them. By doing so we would speak the language that they can understand.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. WHERRY. I shall be glad to yield to the Senator at the conclusion of my remarks.

Mr. President, it was my opinion then, and it is my opinion now, that a strong air force will do more to assure our national security than any other one thing. In fact, the crying need of the hour by way of a strong defense, is for modern jet-propelled fighter and bomber planes. I say that because I believe I have been reliably informed that jet-propulsion engines are being manufactured in England and have been sent to Russia to be installed in airplanes. On the floor of the Senate I fought to prevent such an occurrence when we were considering the passage of the ERP legislation.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. WHERRY. Mr. President, I did not yield to the Senator from New Hampshire, and I shall not yield to the Senator from Massachusetts now, but shall do so at the conclusion of my remarks.

I said it has been reliably reported to me that jet-propulsion engines are being manufactured in England and sent to Russia. If that be true it is a further reinforcement of the argument I made respecting the ERP legislation when it was considered by the Senate, that at least we should retain some control over what will be sent to Russia from countries that are receiving aid from us. If Russia is to receive jet-propulsion en-

gines from England, while we send materials to England—and it was the testimony before the committee that such engines are being sent to Russia—we must meet this new kind of modern warfare, because Russia is equipped with jet-propelled planes, and we should act favorably upon the pending appropriation bill as a strong measure for our protection.

If we are going to stop communism abroad we had better stop England from sending to Russia the implements of warfare I have described, which would equip Russia to attack us in the event she should decide to do so.

Mr. President, I trust that the watchdog committee, in which I have implicit confidence, will watch the further shipments of such implements of warfare as have been shipped, and I think it is generally admitted are being shipped, to Russia, which can be used in a war, especially if she attacks the United States of America.

Mr. President, whoever addresses himself to the problem of national security in these times of cold war, must look with particular concern on our Arctic frontiers. There were days not long ago, when America could rightly contemplate the vast expanses of our buffer oceans, with a feeling of safe remoteness from the explosive uncertainties of the world. But not so today.

The oceans have not shrunk, but they have become somewhat ignored because the advent of the military aircraft, unfettered as it is by surface barriers, has opened a new route to the New World, over the ice, over the Polar regions, and over the top of the world.

What if, for trite and terrible example, the rulers of Russia should decide to attack Seattle, Omaha, or Chicago? Is the problem one of traveling 7,000 miles across the Pacific, or of traversing the distance of Europe and the 4,000 miles of the Atlantic? It is not. It is, instead, only a relatively routine flight of 2,000 miles from eastern Siberia to the State of Washington, and only 3,000 miles to Chicago—a flight of no great consequence to present-day aircraft.

Permit me to emphasize this point. I am reliably informed that the capabilities of aircraft presently in the hands of nations such as Russia permit the flight of bombers from bases in eastern Siberia to Seattle, or to Portland, or to other cities of the United States.

The capabilities, which I just mentioned, of modern bombers available to nations such as Russia permit the flight of bombers from Siberia to Seattle. In fact, present-day bombers—B-29 type bombers, of which the Russians have many—can easily make the flight from Siberia to Seattle and return. This is a most disturbing fact. It indicates my reason for intense concern with air routes traversing the Arctic frontier.

The deadly realities of military geography are today pregnant with dangers engendered for us by the short, cold route from the Old World to the New. Down over the so-called ice barriers of the North Pole can come aircraft loaded heavy with fatal freight. We cannot fail to provide against this chilling possibility.

The military geography of Alaska provides us with a position from which we can intercept messengers of death streaking across the polar ice before they reach their targets. From Alaska we can, in fact, neutralize the bases, the launching sites, from which such bloody excursions might originate.

These cold facts lead me to an inescapable conclusion. The air defenses of the United States, and our American capability for air counterattack, must be brought to instant, effective readiness. Only thus can our northern frontier be amply safeguarded—only through the flashing mobility of air power can the short route to our cities over the Arctic frontier become the road to defeat for aggressors.

It is this compelling consideration which indicates to me the course I must follow in respect to the legislation presently before the Senate. There is, in fact, no choice. On the one side lies safety; on the other, as the Senator from New Hampshire has said, is dangerous risk. If we accept the risk of not providing adequate air power, we accept a risk in which we gamble American lives and American futures.

It is, therefore, my recommendation that the Senate approve the immediate modernization and strengthening of the United States Air Force as recommended by its Appropriations Committee.

I now yield to the Senator from Massachusetts.

Mr. LODGE. I merely wished to add a word to the statement the Senator made about the British manufacturing jet-propelled planes for Russia.

Mr. WHERRY. I said that they were manufacturing jet-propulsion engines which were being shipped and used in the production of airplanes.

Mr. LODGE. Speaking as a member of the so-called watchdog committee, I hope the Senator will give me, as soon as he can, all the information he has on that subject, so that we can consider it immediately, because in my view it is contrary to the whole principle of the Economic Cooperation Act.

Mr. WHERRY. I thank the Senator for the invitation. He will have the information. It was given before the Appropriations Committee the other day, but I shall be glad to give the Senator personally any information I have.

As I have said before, I have a wholesome respect for the distinguished Senator, and I am satisfied that he will make all the effort necessary to see to it that such things as jet-propulsion engines are not shipped, by one route or another, through satellite countries, to be unloaded in Russia and installed in airplanes to be used in an emergency if the United States is attacked.

Mr. President, I yield the floor.

Mr. MALONE. Mr. President, I cannot let this opportunity pass without supporting the able report of the distinguished Senator from New Hampshire [Mr. BRIDGES] on the airplane-procurement program.

In the first place, I wish to call attention again to what I have previously said on the floor of the Senate, relating to the complete absence of any foreign policy in this administration. In the

first place, neither the State Department nor the President of the United States has indicated in any manner whatsoever what areas and nations in Europe, Asia, and the South Seas we must currently protect for our ultimate safety. As a result, neither our own people nor the nations of the world know what we will fight to protect.

I wish to support the statements by my colleague from Massachusetts [Mr. LODGE] and the remarks of the Senator from Nebraska [Mr. WHERRY]. However, we are just 2 months late with this debate. This subject of our own defensive and offensive organization should have preceded the Marshall-Bevin plan. Our own safety should come first. If we had considered such a plan as is now before the Senate, the Marshall plan as such would have been unnecessary.

I wish to quote briefly from a 25-minute address which required 2 days for me to deliver before this body because of the running debate on March 4 and 5. In that speech I quoted the statement of President Monroe in 1823, when he laid down what was later known as the Monroe Doctrine, a doctrine which would be perfect at this time. President Monroe said:

We owe it therefore to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part—

Meaning the European nations—

to extend their system to the Western Hemisphere as dangerous to our peace and safety.

At that time I suggested that we could simply leave out "Western Hemisphere," and it would still be a perfect doctrine. We should name the areas and nations which we must currently protect for our own ultimate safety.

I further stated:

We should then build at once a military force, spearheaded by an air corps that would bear silent evidence to all concerned that we were ready and able to enforce the extended doctrine, just as we have enforced the original Monroe Doctrine covering the Western Hemisphere for more than 125 years, and which kept us out of a major war for more than 75 years.

I further stated at that time:

The Congressional Air Policy Board has recommended a long-range military plane-purchase program which would provide a 35,000-plane striking force, costing \$16,800,000,000, over a 5-year program. The President's Air Policy Board's recent report closely parallels this document.

The two committees made practically the same report.

I further stated on the 5th of March:

The Armed Services Committees of Congress should immediately check these reports, and, if found correct, recommend their adoption and the appropriation of the necessary funds by the Congress of the United States for the entire 5-year program.

Congress could apply the Marshall-plan 4-year funds of \$17,000,000,000 to the \$16,800,000,000 5-year plane-purchase program and have approximately enough left to continue the necessary European nations' feeding program until they raise a third crop, and to furnish the necessary funds to the RFC or the World Bank for the rehabilita-

tion of the European nations' industry under the Reconstruction Finance Corporation rules as applied to American citizens.

Mr. President, this is not the first time this question has been before the Senate. We have already appropriated \$17,000,000,000 for the European recovery program—at least we have authorized an appropriation of \$17,000,000,000. In my opinion, just as my friend, the Senator from Nebraska [Mr. WHERRY] has said, it will have no effect whatever, and no relation to what we are about to do here. We must still rebuild the military organization at great expense despite the large gift-loans amounting to \$41,000,000,000 since the close of World War II.

The military forces and administration heads testified before committees—and their testimony was headlined all over the country—that unless we adopted the Marshall plan we would require a large Air Corps and large military force, indicating, by implication, that if we had the Marshall plan we would not need a plan for the large Air Corps.

We are not equipped here to determine the size of the military organization and Air Corps necessary to convince the nations of the world that we mean business.

Russia is not the only country stepping out of bounds—other countries are expanding, and such expansion is dangerous. England is going into South America, and beyond, in the Antarctic. The Netherlands is expanding in the East Indies, using our material and the money we lend them to do their expansion work throughout the East Indies.

We have no effective United Nations organization for the very simple reason that the major nations do not want one until they have reestablished their empires—and we seemingly do not have the gumption to realize that we are the only nation that can put strength in the United Nations.

Mr. President, in my judgment we must rebuild our military organization and spearhead it by an air corps that will convince any ambitious nation that we are prepared to resist such expansion. As the Senator from Nebraska [Mr. WHERRY] has indicated, we should name the nations and the areas which we intend to protect. We have not yet done that. We should do that for two reasons: First, so that the nations of the world may know what we will fight about—what areas in the world we intend to protect. Few believe that either the Kaiser or Hitler would have started a world war if they had known that we would be in the fight, but we not only denied we would fight, but upon investigation no one believed we would fight—so we had to fight.

The Appropriations Committee, led by my colleague, the Senator from New Hampshire [Mr. BRIDGES], has investigated the recommendations for an additional air corps. The \$822,000,000 added to the House version of the bill for that purpose is the only amount in dispute. I inquire from the distinguished Senator from New Hampshire if that is correct?

Mr. BRIDGES. That is correct. I may say to the Senator from Nevada that the only thing that I think is at all in dispute is the item of \$822,000,000 for

contract authorizations, which simply constitute the one means we have today of making sure that in 1950, 1951, or 1952, when Russia may have the atomic bomb, or when there may be new dangers in the world, we shall have a modernized air force. As the Senator from Nevada—who is an engineer—knows, it takes 4 years from the time an airplane is in the blueprint stage until it is actually in flying operations as a fighter.

Mr. MALONE. Then I ask the Senator whether one of the basic matters before the Senate today is not only to assure ourselves that we are ready, but to assure the world that we recognize that there is danger of another war and that the best method to avoid war is to be ready. Is it not necessary to have this money available, so that long-range contracts may be let and so that companies in the business may be kept in operating condition and that the plans and specifications on the drawing boards may be kept at least even with or, if possible, ahead of those of any other nation in the world, and to have these companies in such shape, with their dies and machinery, that at any time they may receive additional orders, they will be ready to fill them promptly? I say that is necessary. Is that correct?

Mr. BRIDGES. That is correct. Although it is obviously out of place to state here on the floor of the Senate the confidential reports we have received concerning what some other nations are doing in the airplane field, yet I may tell the Senator that such reports are coming to us. For instance, Russia now has large numbers of long-range bombers. That situation has developed as a result of the landing of some of our B-29's in Russia during the war, when Russia was supposed to be an ally of ours. But Russia refused to let those B-29's take off again, and held them there. Apparently the Russians have used those B-29's as patterns, and have copied from them, with the result that now they have a perfected or improved B-29 which they are flying in vast numbers today. They have those long-range bombers in large quantities, and they are in production there.

Moreover, we know that the most modern fighter planes are jet-propelled planes, and we know that that same country has jet-propelled planes in major production, so much so that great swarms of them have been observed flying over certain territory.

A second-rate Air Force is of no use to America, if we are to meet the challenge of the times and the dangers which may arise. If there is any hope of preserving peace in the world, one way, at least, will be by keeping ourselves strong and letting all nations know not only that we can defend ourselves but that we are able to deliver a strong punch in a retaliatory manner. That must be done through the skies.

So I think we would be sadly derelict in our duty today if we did not prepare in that manner. If, as of 3 or 4 years from today, or possibly even tomorrow we should suddenly confront another Pearl Harbor, I would not wish to have on my conscience or on my shoulders the responsibility that we here in the Senate

of the United States did not take the necessary steps to develop and modernize the great striking air force which must be the spearhead of defense and offense in any action in which we may become involved.

Mr. MALONE. Mr. President, I thank my distinguished colleague, the Senator from New Hampshire.

Does the Senator agree with me that the United States must take the initiative in this matter, and that we must have a strong Air Corps, and that we must spearhead our military organization with an Air Corps that could keep any other nation on the ground within a reasonable time in case of war, and that we must be able to do this at least until such time as the United Nations might take over the job or until the major problems of the world were settled?

Mr. BRIDGES. I do. Of course, I think we must have a well-balanced military defense. I may point out to the Senator that today we have the largest Navy in the world, a greater Navy than all the other navies in the world combined. I wish to keep America strong on the seas, by means of her Navy. This bill provides for a naval aircraft procurement program.

I wish to see us have a strong Army. But I recognize that if we ever attempted to maintain the kind of standing army which Russia has, we would soon be bankrupt as a country.

Therefore, we have to develop the type of defense, as a spearhead here in America, in which American ingenuity and American production, as well as American fighting ability, can be combined. That type of defense is a modern air force.

Mr. MALONE. I thank the Senator again, and I think he is absolutely correct.

Mr. President, twice in my lifetime it has been my lot to see American boys being murdered in a war without proper preparation. For instance, I myself took a battery of field artillery to France in 1918. Just after the Armistice, we received our nice, shiny American-made 4.7 field artillery, but before that we used French 75's.

What was the situation in the Second World War? In 1942 and 1943, I visited various military posts and installations. For instance, we landed by airplane at Nome, Alaska in 1942. Apropos of what the Senator from New Hampshire has just stated, let me point out that just before we reached Nome, a Russian plane had taken off. We were informed that when that plane landed, the Russians threw a guard around it, and no one was permitted to examine the plane or study it in any way. However, the Russians who landed from the plane inspected everything the United States had at that point, including all our fortifications, although such fortifications were very meager. Our country had practically nothing there in the way of adequate military equipment for defense.

Today we realize that such a situation may confront us a third time. Let us not let our young men walk into this thing unprepared again. When you send an American boy into battle with an air-

plane that flies a little slower than that of the enemy, or with a shorter range than is not war, it is just plain murder.

Again I say to the Senate that we have taken up the wrong program first. We should have taken up the air program before the Marshall plan was considered. The Marshall plan will not stop communism, but this program, if it is handled correctly, will stop communism if a definite foreign policy is inaugurated.

We need a training program for our country which will furnish the proper kind and proportion of physical and technical training for our young men. Not only must they be trained, but for those who passed the proper aptitude tests there must be additional technical training available—perhaps through high school, college, and into the laboratories in the field of electronics and related sciences.

Mr. President, adequate technical training cannot be accomplished in a few months. Such training will require a considerable period of time and must not be neglected.

Mr. President, I want to again call attention to the long-range plan to redistribute the wealth of this Nation.

The three steps projected by the economic one-worlders for that purpose are:

First. The established policy of exporting American money to make up the annual trade balance deficits—from all sources—of the European, Asiatic, and South American countries. Our chief export is money. The occasion may be the UNRRA, \$3,000,000,000; the Greek-Turkey, \$400,000,000; the English gift-loan of \$3,750,000,000; or the Marshall-Bevin plan of exporting \$17,000,000,000 to Europe, but the master-minded policy is the same, the economic equalization and the redistribution of the wealth of the 57 nations of the world, starting with the United States of America. This is a definite part of the international policy as supported in Senate debate, the English and Marshall-Bevin-plan gift loans are simply successive moves in establishing the first step of the policy.

Second. The selective free-trade method of dividing the production of this country with the nations of the world through the Trade Agreements Act, known by the catch word "reciprocal trade," is the second step in the economic one-world plan. Through the Trade Agreements Act industries selected by the State Department are frankly traded to one or more nations for a fancied advantage in furnishing them a market for their goods to secure money—dollar exchange—presumably to buy our processed and manufactured products.

Third. The International Trade Organization—ITO—through which 57 nations, each with one vote, will meet each year and frankly allocate the production and markets of the world between such nations, presumably finally on a population and cost of production, without regard to the differential of production cost due to the difference in the standards-of-living basis, thereby completing the job of international redistribution of the wealth of this Nation.

This Organization is to be the final lever of the wage-living standards of the world.

International conferences and world wars are incidents, and even time is unimportant in the plan of the internationally minded "one economic world" group.

The "one economic world" group prematurely launched the "one political world" idea in the 1940 Presidential campaign. The emphasis has now shifted back to economics through the three definite policies; and when the "one economic world" goal is reached, the "one political world" is expected to follow in the natural course of events.

What is the answer?

A. A definite international policy, naming the areas and nations we must currently protect for our own ultimate safety and rebuilding our military organization, spearheaded by an air corps that can keep any nation on the ground until such time as the United Nations can take over, or the major problems of the world have been settled.

B. A flexible import fee under the Reciprocal Trade Act representing the differential of the cost of production between this Nation and where our chief competition is located on each specified product—in place of the selective free-trade program under the Reciprocal Trade Act.

The standard of living of the nations of the world cannot be lifted up overnight through redistribution of the wealth of this Nation or a division of our markets or of our production. Any such continuous plan or policy simply means a pronounced lowering of our own wage-living standards and a diminished market for your products. The will to raise their wage-living standards is a prerequisite to any improvement—and must come from the inside in any nation—it cannot be poured in from the top.

Most of the Asiatic and European countries have had access to the same necessary raw materials that we have so efficiently utilized for centuries—some of them, like China, for 5,000 years of recorded history—and have never changed their standard or manner of living perceptibly in all history.

While this country, starting with their bare hands 300 years ago, has risen to the highest wage-living standard in all history, most of our improvement has occurred during the past 150 years.

More on this subject will come later—and has a definite connection with the subject under discussion today.

Mr. President, I want to say again that I am supporting the addition of \$822,000,000 to the program, because I have confidence in the committee that submitted the report. I have confidence that they have studied the two programs, the two reports which were made by the joint congressional committee and the President's Air Policy Commission.

We must, as so accurately outlined by the Senator from New Hampshire, provide sufficient money to make possible the letting of contracts over a long period of time, in order to keep our airplane factories in business and in operating condition for immediate expanded production. We must be ready to expand our production immediately in the event of emergency and know that our planes

will be equal to or superior to those of any nation on earth.

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). The question is on agreeing to the first committee amendment.

Mr. HILL. Mr. President, in addressing myself to the question before the Senate, I am keenly conscious that the Constitution of the United States imposes upon the Congress, and only the Congress, responsibility to raise and support armed forces. Implicit in that responsibility borne by the Congress is the duty to insure that the armed forces raised and supported are adequate for the security of the Nation. This responsibility and this duty are heavy burdens upon the Congress, but their weight may not be shifted to other shoulders; we may not delegate these responsibilities to the executive branch of the Government. The people of the United States rightly expect the Congress to grip and fully meet the problem of national defense.

What, then, is the most effective means available to the Congress to insure the national security? It seems overwhelmingly apparent to civilians, and it has been unanimously agreed among the military, that air power is the decisive factor in military strength. In seeking to provide effective measures for national defense, we must go straight to the core of military strength, to the decisive factor—to air power.

In the critical times which today confront us, and which may confront us for many tomorrows, power is our shield and our spear. In respect to our only potential enemy, Russia, the United States Air Force constitutes the principal element of our military power. Together with the naval air arm, the Air Force holds poised our crucial means of defense and our major means of counter-attack. We have come to the crux of the problem before the Congress: Is our air power adequate at present? If not, what is necessary in order to render it adequate? We must consider this question in the shadow of a fearful possibility—the possibility that in our efforts to provide precisely that air power which is adequate to our security, and no more, we may, in human error, provide that air power which is a little less than adequate. Here would be error, indeed. Here is a possibility of error so pregnant with disaster that no agency of the Government other than Congress can shoulder the grave responsibility implicit in its consideration.

We have for our guidance the unanimous opinion of our military advisers that United States air power is not at present adequate. We have available studies made by congressional committees and other responsible groups which advise us that our air power is inadequate and should be promptly strengthened. Differences of opinion between executive agencies of the Government have resolved to the question whether the Air Force shall be equipped with modern or obsolescent aircraft. The United States Air Force, to a man, urges that a 70-group air force with modern equipment is the minimum force with which the vital mission of the Air Force can be accomplished. After the most

serious consideration, the House of Representatives approved by an impressive vote the bill now before the Senate, a bill which is intended to provide the minimum initial requirements for adequate air power. The Senate Appropriations Committee, through its chairman, overwhelmingly recommends the passage of this bill. I believe it can be said with authority that the American people are hopeful the Senate will act promptly to approve the strengthening and modernization of American air power. Remembering, as we must, that to err slightly on the side of inadequacy in air power can be fatal and final, I see no rational course for the Senate but to approve the bill before it.

We have, I believe, a manifest destiny in these great United States. We are so generously blessed of God that there must be a great destiny to which the Nation is dedicated. I believe the United States is destined to be the soil from which a true world peace will grow. It is the duty of the Congress to provide adequate protection for this American soil from which world peace will some day arise. It is only by preserving these United States that we can maintain the hope of world peace. No other consideration can be permitted to overshadow the eternal importance of keeping the United States secure. For that reason, and to that specific end, I urge the passage of the bill as reported by the distinguished Senator from New Hampshire.

Mr. O'DANIEL. Mr. President, it is very seldom that appropriation bills which come to the Senate floor exactly suit me. I am strongly opposed to most of the vast appropriations made for foolish projects and for giving away our hard-earned tax dollars. But I want to congratulate the chairman of the Appropriations Committee for finally bringing in a bill which I consider to be of the utmost importance to the welfare and common defense of the Nation. I want to congratulate him for bringing in a bill which provides for a 70-group air force, which is the largest number that has been suggested by any of the various officials in the executive branch of the Government.

Mr. President, if there is one thing for which the Congress is responsible to the people it is the defense of the Nation. That responsibility is squarely upon our shoulders. Ever since I have been a Member of the Senate I have favored supporting the armed services to the fullest extent. I still want to equip and maintain a fighting force in this Nation which will cause any other nation or any combination of nations to hesitate before attacking or insulting us.

So, Mr. President, I was surprised and disappointed when I sat in on a hearing before the Appropriations Committee a week or so ago and heard Secretary of Defense Forrestal argue for a smaller group than the 70-group air force which this bill provides. I was surprised, because I know that the administration we have had for the last 16 years is a very extravagant one. It has stopped at nothing when it comes to spending money or giving it away for any cause, to any-

one, anywhere in the world. But there Secretary Forrestal advocated economy in connection with the defense of this great Nation. I endeavored to ascertain, by questioning the Secretary of Defense, if it could be that the attitude which he had taken of holding down the defense of the Nation and making smaller appropriations than most of us thought were needed, was due to the political situation which confronts the Nation at the present time.

Our taxpayers, of course, are tired of seeing Congress and the administration spending and squandering billions of dollars, and would like to see the purse strings tightened. I wondered if it was the purpose of the administration to start practicing a little economy in connection with the defense program just ahead of the Presidential election. I was glad that Mr. Forrestal assured me that political considerations had nothing whatever to do with his attitude.

The members of the Appropriations Committee listened to all the testimony, considered the evidence, and the committee has now reported a bill which provides for a 70-group air force. I sincerely trust that the bill will be passed by the Senate, will become the law of the land, and that not only the appropriations provided for in this bill, but any other appropriations which may be necessary to give us the most outstanding and forceful armed forces of any nation on the earth will be made.

Mr. BRIDGES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from New Hampshire?

Mr. O'DANIEL. I gladly yield to the Senator from New Hampshire.

Mr. BRIDGES. The Senator has spoken with reference to economy. The Senator knows that there is no one in the Chamber more wholeheartedly in favor of economy than I am.

Mr. O'DANIEL. Yes, I certainly agree with the Senator.

Mr. BRIDGES. I agree with the Senator when he says that we cannot economize on the safety and security of this country. I think the safety and security of America are tied up directly with this appropriation, which is for the purpose of the modernization of our air force, and for that reason I am very glad the Senator has that attitude and that the other Senators who speak in favor of the measure have that attitude.

Mr. O'DANIEL. I thank the Senator for his remarks.

As I said at the beginning, Mr. President, I congratulate the chairman of the Appropriations Committee for increasing the appropriation to bring our Air Force up to a 70-group strength. If we need a stronger air force, I am in favor of further appropriations for that purpose.

It is said that Senators are not supposed to be military men or experts, as are supposed to be some of the officials in the executive branch of the Government. I feel that every Senator has some idea of what is required to defend the Nation. I think most Senators can qualify as experts in that line as well as those persons who have received appointments

in the executive branch. I know that the responsibility is on our shoulders. If we do not defend the United States against aggression there is grave danger of losing everything that is held near and dear by the 140,000,000 people who live in this country.

Regardless of the statements made by those in the executive branch of the Government, we know that we are in danger of war. There is no question about it. We are a great Nation, yet there are other governments utterly opposed to our system of government. They would like to see our system of government fail. They would like to take possession of the United States. There is no use to "kid" ourselves. We know Russia is knocking over smaller nations almost day by day and that the Soviet politburo has its greedy eyes fastened upon us. Also I am not so sure that Russia is the only nation that would like to destroy our Government. There may also be some others which would like to do that. During the course of time some nations have been very friendly to us, but their attitude sometime changes. However, we must maintain and preserve our Republic at all costs. We must be ready for any emergency at any time. We cannot afford to wait to prepare after an enemy sends us a note telling us when it is ready to attack us. We have got to have the power for instant resistance.

I do not think this is the time to quibble regarding the amount of money necessary to furnish airplanes and all the other weapons we need. I realize, of course, that our Air Force is not the only branch of our Military Establishment that performs good and necessary service. We need and should support all branches of the service and make appropriations adequate to keep all our forces in readiness and completely equipped to take care of any emergency that may confront us.

I have been against the policy of trying to buy good will from foreign nations by appropriating billions of dollars and giving it to their governments. We cannot buy peace. We must be ready to maintain peace by being able to fight for peace. We cannot prevent war by giving money to foreign nations. It never has been done. Their governments take our money and denounce us as a "skinflint" and "penny pincher" when the Treasury is drained dry and money lenders are friendless and givers of charity are invariably victims of designing fakers and indolent grafters. People of this caliber sometimes get into Government. It is well to watch after our gifts.

I fear those to whom we give our wealth today will come to look down on us and do everything against us when the time comes, as it inevitably will come, that we can no longer make generous contributions to them.

We are rapidly dissipating our resources, weakening our defense, getting rid of our national resources, squandering the people's money, running this Nation into consuming debt, and doing everything that possibly can be done to weaken our economy. When we have become so weak economically that we cannot support an adequate Air Force, Army,

and Navy, then we will not find very much love being bestowed upon us by those who have been the recipients of our generosity down through the wild spree of spending and giving which has been going on during the past few years.

Mr. President, I wish again to say that I heartily support H. R. 6226, and I trust that it will be passed by the Senate promptly.

Mr. TAYLOR. Mr. President, I agree that this country should have a reasonable amount of armament and mechanical equipment, but I think there is something more important in the fight against communism, which the present activity all boils down to.

It has been said before on the floor of the Senate, not alone by me but by others, that what we have to do is to make our private enterprise system, our democracy, so attractive that countries where we are contesting with the Russians will find our way of life more attractive than theirs.

We have known for a long time—it was amply demonstrated to us in the years of the depression—that the chief failing of our economic system is not the inability to produce. We can produce anything and everything in unbelievable quantities. Our problem is distribution, and I say that we had better have someone working on that problem, trying to figure out how people can buy the things which are produced in a capitalistic private enterprise economy, because if we start letting people starve in the midst of abundance, the whole world will go Communist, for whatever else may be said about communism, while the Communist countries may not produce as much as we do, they do not throw away what they produce. Someone gets what is produced, and consumes it.

I wish to read a paragraph or two from the New York Times of yesterday. I was startled, I was astounded by this article. I recently opposed the European recovery program, not because I did not want to help people, but because I thought we were hurting the United Nations in bypassing it. I wanted aid to be extended through the United Nations. However, I am not convinced now that those who opposed it outright were not on sound ground.

The article I have before me is dated Geneva, May 4, and it appears in the New York Times of May 5. It is an article by Michael L. Hoffman. He says:

A tendency to overproduction that is visible in parts of Europe—

Overproduction in Europe, Mr. President, and we just got through appropriating billions upon billions of dollars to feed the poor starving Europeans.

A tendency to overproduction is visible in parts of Europe because of the hamstringing effects of the bilateral-payments agreements in intra-European trade, a Benelux countries' representative told the Economic Commission for Europe today.

Speaking on behalf of Belgium and Luxembourg, as well as his own government, Anthony Speekenbrink, of the Netherlands, warned that the continuing problem of means of payment was already resulting in the piling up of unsold goods. The Netherlands, he said, is facing a "serious overproduction of foodstuffs."

A serious overproduction of foodstuffs in Europe, where the people were supposed to be starving to death, when we have just appropriated billions of dollars to feed the starving Europeans.

A serious overproduction of foodstuffs that will have to be destroyed—

Destroyed, Mr. President; and we all know that in spite of the things I am reading, there are millions of people in Europe who are living on a very low standard—

in the face of Europe's prevailing food shortage because there is no possibility of selling.

Mr. President, if this happens again, if people starve in the midst of abundance, as they did in the United States during the thirties—as I did during the thirties—capitalism will not be with us very long.

I merely wish to say that while we are thinking about guns we had better be thinking about some way to make it possible for people to consume the goods manufactured and the food produced, or all our efforts, all the guns we can produce, will not keep some other economic form, that will make use of at least what God provides, from taking over.

The PRESIDING OFFICER. The question is on agreeing to the first amendment of the committee, which will be stated.

The first amendment of the Committee on Appropriations was, at the top of page 3, to insert:

DEPARTMENT OF THE ARMY—MILITARY FUNCTIONS

CORPS OF ENGINEERS

Engineer service, Army

Engineer service: For an additional amount for "Engineer service," including salaries and expenses of district and division offices, master and advance planning, engineering studies, and engineer activities in overseas areas, \$30,049,000.

The amendment was agreed to.

The next amendment was, on page 3, after line 9, to insert:

Barracks and quarters, Army: For an additional amount for "Barracks and quarters, Army," including expenses incident to the disposition of surplus facilities, \$5,051,000; and in addition \$5,900,000 to be derived by transfer in the amounts indicated from the following fiscal year 1948 appropriations: "Special field exercises," \$2,600,000; "Training and operation, Army Ground Forces," \$300,000; "Medical and Hospital Department, Army," \$2,000,000; and "Transportation service, Army," \$1,000,000.

The amendment was agreed to.

The next amendment was, under the heading "Department of the Navy—Bureau of Aeronautics—Construction of aircraft and related procurement," on page 3, line 24, after the word "plants," to insert "or private plants (not to exceed \$2,000,000)"; and on page 4, line 7, after the word "purposes", to insert "including not to exceed \$20,000,000 for liquidation of obligations incurred during fiscal year 1945 against appropriation 'Aviation, Navy, 1945'."

The amendment was agreed to.

The next amendment was, on page 5, after line 7, to strike out:

(b) All contracts entered into under this act shall include a clause providing for final

settlement in accord with the provisions of the Renegotiation Act as it was in effect July 1, 1945.

And in lieu thereof to insert:

(b) All contracts (including subcontracts) in excess of \$100,000 hereafter entered into under the authority of this act, obligating funds appropriated hereby, obligating funds consolidated with funds appropriated hereby or entered into through contract authorizations herein granted, shall provide that said contracts shall be subject to renegotiation in accordance with the provisions of the Renegotiation Act as it was in effect July 1, 1945.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. BRIDGES. Mr. President, I send to the desk an amendment which is to replace the amendment in the bill on renegotiation, on page 5, of which subject the distinguished senior Senator from Oregon [Mr. CORDON], as chairman of a special subcommittee, has been making a study. I ask that the amendment be stated, and I think the distinguished Senator from Oregon will then explain briefly the reason for my request for the substitution.

The PRESIDING OFFICER. Without objection, the vote by which the amendment of the committee on page 5, dealing with renegotiation, was agreed to, will be reconsidered, and the amendment is now before the Senate for action. The clerk will state the amendment in the nature of a substitute offered by the Senator from New Hampshire.

The CHIEF CLERK. On page 4, line 23, it is proposed to strike out "(a)", and on page 5, beginning with line 8, to strike out through line 19 and insert in lieu thereof the following:

Sec. 3. (a) All contracts in excess of \$10,000 entered into under the authority of this act, obligating funds appropriated hereby, obligating funds consolidated by this act with funds appropriated hereby, or entered into through contract authorizations herein granted, and all subcontracts thereunder in excess of \$10,000 shall contain the following article:

"Renegotiation article: This contract is subject to the Renegotiation Act of 1948 and the contractor hereby agrees to insert a like article in all contracts or purchase orders to make or furnish any article or to perform all or any part of the work required for the performance of this contract."

(b) Whenever in the opinion of the Secretary of Defense excessive profits are reflected under any contract or contracts or subcontract or subcontracts required to contain the renegotiation article prescribed in subsection (a), the Secretary is authorized and directed to renegotiate such contracts and subcontracts for the purpose of eliminating excessive profits. He shall endeavor to make an agreement with the contractor or subcontractor with respect to the amount, if any, of such excessive profits and to their elimination. If no such agreement is reached, the Secretary shall issue an order determining the amount, if any, of such excessive profits and shall eliminate them by any of the methods set forth in subsection (c) (2) of the Renegotiation Act of February 25, 1944, as amended. The powers hereby conferred upon the Secretary shall be exercised with respect to the aggregate of the amounts received or accrued under all such contracts and subcontracts by the contractor or subcontractor during his fiscal year or upon such other basis as may be mutually agreed upon; except that this section shall not be applicable in

the event that the aggregate of the amounts so received or accrued is less than \$100,000 during any fiscal year.

(c) For the purpose of administering this section the Secretary of Defense shall have the right to audit the books and records of any contractor or subcontractor subject to this section. In the interest of economy and the avoidance of duplication of inspection and audit, the services of the Bureau of Internal Revenue shall, upon request of the Secretary of Defense and with the approval of the Secretary of the Treasury, be made available to the extent determined by the Secretary of the Treasury for the purpose of making examinations and audits under this section.

(d) The Secretary of Defense in his discretion may exempt from the provisions of this section any such contract or subcontract both individually and by general classes or types.

(e) Agreements or orders determining excessive profits shall be final and conclusive in accordance with their terms and except upon a showing of fraud or malfeasance or willful misrepresentation of a material fact shall not be annulled, modified, reopened, or disregarded, except that in the case of orders determining excessive profits the amount of the excessive profits, if any, may be redetermined by the Tax Court of the United States in the manner prescribed in subsection (e) (1) of the Renegotiation Act of February 25, 1944, as amended.

(f) The Secretary of Defense shall promulgate and publish in the Federal Register regulations interpreting and applying this section and prescribing standards and procedures for determining and eliminating excessive profits hereunder using so far as he deems practicable the principles and procedures of the Renegotiation Act of February 25, 1944, as amended, having regard for the different economic conditions existing on or after the effective date of this act from those prevailing during the period 1942 to 1945.

(g) The powers and duties hereby conferred upon the Secretary of Defense may be delegated by him to any officer (military or civilian) or agency of the National Military Establishment, with or without the power to make redelegations.

(h) Any person who willfully fails or refuses to furnish any information, records, or data required of him under this section, or who knowingly furnishes any such information, records, or data containing information which is false or misleading in any material respect, shall, upon conviction thereof, be punished by a fine of not more than \$10,000 or imprisonment for not more than 2 years, or both.

(i) This section may be cited as the "Renegotiation Act of 1948."

On page 5, line 20, strike out "Sec. 3" and insert "Sec. 4."

Mr. CORDON. Mr. President, when the bill was being considered in the House, it was believed that, because of the magnitude of the amounts being made available either by appropriation or by contract authorizations—the amounts running into billions of dollars—there should be some protection for the Government in the matter of excess profits which might be earned under contracts made by procurement. It was recognized that many of the contracts would be not on the basis of manufacturing by the large companies of either aircraft or matériel of various kinds where there are available any yardsticks as to costs. Much of the work will be experimental. In many instances there may be no opportunity for competition. It was, therefore, believed that renegotiation of the contracts, so as

to hold profits within reason, would be advisable.

The House adopted in the bill a short provision reading as follows:

All contracts entered into under this act shall include a clause providing for final settlement in accord with the provisions of the Renegotiation Act as it was in effect July 1, 1945.

The committee discussed the matter at length with representatives of the Air Force, of the Navy, and others, and it was apparent, Mr. President, that innumerable difficulties would have to be faced, some of them probably unsolvable, in applying renegotiation procedures to the funds provided in this act by referring to a renegotiation act which is no longer on the statute books, and which in itself depended upon certain revenue provisions in the law, which in turn are not on the statute books at the present time.

It was clear then that in order to provide a workable renegotiation provision it was necessary to write it into the pending bill. The provision which has just been read is the result of that conclusion on the part of the committee. The drafting of the provision was under the direction of the Senate legislative counsel. The counsel had the benefit of consultation with the general counsels of the Department of the Navy and the Department of the Air Force, and after agreement was had with the representatives of both the Department of the Navy and the Department of the Air Force the draft was submitted to the general counsel of the War Contracts Board, which is still engaged in finishing up renegotiations under the old renegotiation law. It was the consensus that the draft which is now offered as a substitute for the committee amendment is practicable, is workable, and will apply renegotiation principles in a workable manner to all funds appropriated in the pending bill, and to all contracts made pursuant to contract authorizations in the bill.

Unless there are some questions of a technical nature, Mr. President, I shall not continue the explanation further.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. CORDON. I am glad to yield.

Mr. BALDWIN. As I understand, under the amendment, the Renegotiation Board, so-called, or the Renegotiation Agency, would be established by the Secretary of Defense?

Mr. CORDON. Exactly.

Mr. BALDWIN. He would determine how large the Board should be, and under what terms and provisions it should operate?

Mr. CORDON. That is correct. The whole authority for renegotiation is in the Secretary of Defense, and he promulgates and files and has printed in the Register his rules and regulations under which renegotiation will be had.

Mr. BALDWIN. Will the Senator repeat the sizes of the contract which are subject to renegotiation?

Mr. CORDON. No contract or group of contracts is renegotiable except single contracts in an amount of \$100,000 or over, or the aggregate amount of contracts held by one contractor each of which contracts is in excess of \$10,000

and the aggregate of which is in excess of \$100,000.

Mr. BALDWIN. That is in any one year, is it not?

Mr. CORDON. That is any one fiscal year. And there is authority for the Secretary of Defense to make exemptions in those cases where clearly the renegotiations would be unworkable.

Mr. BALDWIN. Will the Senator yield for one further question?

Mr. CORDON. Gladly.

Mr. BALDWIN. I assume that under the regulations the contractors and the Government would have the right to appeal. There would be some appeal agency established, if necessary to meet this particular situation?

Mr. CORDON. The Senator is correct. Where a mutual agreement is had, of course, no appeal is necessary. Where the amount of the renegotiated contract is fixed by the Government and is not satisfactory to the contractor, the contractor may appeal to the Tax Court, as under the old Renegotiation Act.

Mr. BALDWIN. And the provisions of the amendment with reference to having the Treasury Department or the Internal Revenue Division of the Treasury Department present for inspection of income-tax returns is limited exclusively to returns and documents which pertain to a particular contract, and not to any individual?

Mr. CORDON. The use of the facilities of the Internal Revenue service is limited purely to the renegotiation of these contracts and goes no further.

The PRESIDING OFFICER. The question is on agreeing to the substitute amendment offered by the Senator from New Hampshire [Mr. BRIDGES], for himself and the Senator from Oregon [Mr. CORDON], to the committee amendment. The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. BRIDGES and Mr. JOHNSON of Colorado requested the yeas and nays. The yeas and nays were ordered.

Mr. IVES. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Brooks	Connally
Baldwin	Buck	Cooper
Ball	Butler	Cordon
Barkley	Byrd	Donnell
Bricker	Cain	Downey
Bridges	Chavez	Dworshak

Eastland	McClellan	Saltonstall
Eaton	McFarland	Smith
Ellender	McKellar	Sparkman
Ferguson	McMahon	Stennis
Green	Magnuson	Taft
Gurney	Malone	Taylor
Hatch	Martin	Thomas, Okla.
Hayden	Maybank	Thomas, Utah
Hickenlooper	Millikin	Thye
Hill	Moore	Tobey
Hoey	Morse	Tydings
Holland	Murray	Vandenberg
Ives	Myers	Watkins
Johnson, Colo.	O'Connor	Wherry
Johnston, S. C.	O'Daniel	Wiley
Kem	O'Mahoney	Williams
Kilgore	Pepper	Wilson
Knowland	Reed	Young
Langer	Robertson, Va.	
Lodge	Russell	

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present.

Mr. KEM. Mr. President, I have frequently expressed the view that the American people should create a national defense so strong that no aggressor nation would be tempted to attack us. With that idea in mind I intend to vote for the pending bill.

However, there is one aspect of the situation which intrigues my interest, or perhaps my curiosity. When the so-called European recovery program was pending before this body Secretary of the Army Royall and other officials testified in substance that if the program were not adopted it would be necessary that we immediately create a very strong armament. I quote from the language of Hon. Kenneth C. Royall, Secretary of the Army, before the Committee on Foreign Relations, his testimony appearing on page 444 of the proceedings of that committee. Secretary Royall said:

I firmly believe that enlightened cooperative economic endeavor as visualized in the European recovery program can go a long way toward reducing the necessity for a larger national armament in the future, and probably reduce our present armament, and without such effort the Army budget and the Army itself should be increased.

Of course, the European recovery program was promptly adopted. The thing which intrigues my curiosity is, if it had not been adopted, what would have been the size of the request from officials with reference to the aviation program? As I understand, we are about to adopt the largest program that has been suggested by any responsible official. We are doing so in the face of our decision to send billions of dollars abroad to create a system of internal improvements in 16 countries of western Europe.

Mr. President, I believe that in one respect we have clearly put the cart before the horse. Instead of considering what it is necessary for us to do properly to defend ourselves, and then what we can do for the countries of western Europe and for China, we have adopted a program for internal improvements in those countries, and we are now considering whether our economic resources will permit us adequately to arm ourselves. It seems to me to be very unfortunate that the debate we are having and the action we are about to take did not precede, instead of follow, the adoption of the so-called European recovery program.

In that connection, let me say that I was very much interested in hearing the able Senator from Massachusetts ask what we could do to arm ourselves without involving the necessity of controls in the economy of our country. I think that is a very pertinent and very important question. But it seems to me it would have been much more timely, if I may be permitted to say so, if my good friend the Senator from Massachusetts had asked the question and made the suggestion when the European recovery program was under consideration.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. LODGE. Do I correctly infer from what the Senator has said that he thinks it is preferable to save American dollars and expend the lives of young Americans in the Air Force?

Mr. KEM. No; I do not think what I have said is properly susceptible of such an inference. I did not mean that. What I have said is that I think our first duty should be to arm ourselves so as to be able to defend ourselves, and that what we can do and what we should do in that respect should be our first and primary consideration. Then what we can do for other nations, however much we may desire to help them, is essentially secondary.

The point I make is that we should first consider and decide what to do in our own situation, and then we should consider the situation of other nations.

Mr. LODGE. Mr. President, will the Senator further yield?

Mr. KEM. I yield.

Mr. LODGE. Does not the Senator think that if we should have trouble it would be better to have some friends to help us carry the load, and not have the young Americans do all the fighting and suffering?

Mr. KEM. Mr. President, I do not care to reargue the European recovery program or resume the debate on it. I think I made my point of view clear when that debate occurred in the Senate. I do not wish to ask the Senate to bear with me while I rehash and rehash that argument.

Another thing the distinguished Senator from Massachusetts said which interested me very much was that in this connection he did not think we should continue to let any foreign country call the tune. Mr. President, it would seem to me, if I may be permitted to say so, that that observation would have been much more appropriate at the time when we were considering the European recovery program, the so-called Marshall plan, which, of course, originated with Mr. Bevin. I think the Senator should have made that observation at that time rather than today, when we are engaged in a debate in regard to how and to what extent we should arm ourselves.

Mr. LODGE. Mr. President, will the Senator further yield?

Mr. KEM. I am glad to yield.

Mr. LODGE. It seems to me that one thing which can be said for the Marshall plan, even if nothing else can be said for it, is that it is an attempt on the part of the United States to regain the initiative

in international affairs. For that reason, if for no other, that plan is entitled to support.

Mr. KEM. Mr. President, if a distribution of our resources—the resources accumulated in this country by many generations of thrifty, frugal, careful people—to other nations all over the world, even to the outer reaches of Upper Mongolia, is what is meant by taking the initiative in foreign affairs, then for my part I wish to declare myself out of it. I do not approve of that sort of action.

Mr. President, before I take my seat I wish to invite the attention of the Senate to some very pertinent and interesting remarks which were made recently by Mr. Winston Churchill. I inserted them in the Appendix of the CONGRESSIONAL RECORD. They appear at page A2670 of the RECORD. The wartime Prime Minister of England, in speaking to a gathering of the Conservative Party, had this to say:

While Socialist ministers are boasting of their achievements and of the benefits they have given the public—of which the public is not always conscious—they seem to forget that they are living on the charity of the greatest capitalist free-enterprise state in the world, the United States.

The PRESIDING OFFICER. The question is, Shall the bill pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.
Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from South Dakota [Mr. BUSHFIELD], the Senator from New Jersey [Mr. HAWKES], the Senator from Indiana [Mr. JENNER], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from West Virginia [Mr. REVERCOMB] are necessarily absent.

The Senator from Wyoming [Mr. ROBERTSON] is necessarily absent on official business.

The Senator from Indiana [Mr. CAPEHART] is absent because of illness in his family.

The Senator from Maine [Mr. WHITE] is absent because of illness.

If present and voting, the senior and the junior Senator from Maine, the Senator from South Dakota, the Senator from New Jersey, the senior and the junior Senator from Indiana, the Senator from Wisconsin, and the Senator from Wyoming would vote "yea."

The Senator from Kansas [Mr. CAPPER] is detained on official committee business. If present and voting, the Senator from Kansas would vote "yea."

The Senator from Vermont [Mr. FLANDERS] is detained on official business. If present and voting, the Senator from Vermont would vote "yea."

Mr. HILL. I announce that the Senator from Georgia [Mr. GEORGE] and the Senator from Tennessee [Mr. STEWART] are absent because of illness in their families.

The Senator from Rhode Island [Mr. McGRATH] is absent by leave of the Senate.

The Senator from Nevada [Mr. McCARRAN], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Illinois [Mr. LUCAS], the Senator from North Carolina [Mr. UMSTEAD], and the

Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent because of illness.

If present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. McCARRAN], the Senator from Rhode Island [Mr. McGRATH], the Senator from Louisiana [Mr. OVERTON], the Senator from Tennessee [Mr. STEWART], the Senator from North Carolina [Mr. UMSTEAD], and the Senator from New York [Mr. WAGNER] would vote "yea."

The result was announced—yeas 74, nays 2, as follows:

YEAS—74

Alken	Hickenlooper	O'Connor
Baldwin	Hill	O'Daniel
Ball	Hoey	O'Mahoney
Barkley	Holland	Pepper
Bricker	Ives	Reed
Bridges	Johnson, Colo.	Robertson, Va.
Brooks	Johnston, S. C.	Russell
Buck	Kem	Saitonstall
Butler	Kilgore	Smith
Byrd	Knowland	Sparkman
Chavez	Langer	Stennis
Connally	Lodge	Taft
Cooper	McClellan	Thomas, Okla.
Cordon	McFarland	Thomas, Utah
Donnell	McKellar	Thye
Downey	McMahon	Tobey
Dworshak	Magnuson	Tydings
Eastland	Malone	Vandenberg
Ecton	Martin	Watkins
Ellender	Maybank	Wherry
Ferguson	Millikin	Wiley
Green	Moore	Williams
Gurney	Morse	Wilson
Hatch	Murray	Young
Hayden	Myers	

NAYS—2

Cain Taylor

NOT VOTING—20

Brewster	Hawkes	Revercomb
Bushfield	Jenner	Robertson, Wyo.
Capehart	Lucas	Stewart
Capper	McCarran	Umstead
Flanders	McCarthy	Wagner
Fulbright	McGrath	White
George	Overtton	

So the bill H. R. 6226 was passed.

Mr. BRIDGES. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BRIDGES, Mr. BROOKS, Mr. GURNEY, Mr. BALL, Mr. McKELLAR, Mr. HAYDEN, and Mr. TYDINGS conferees on the part of the Senate.

SOUTHERN STATES COMPACT ON REGIONAL EDUCATION

Mr. WHERRY. Mr. President, may I inquire what is the unfinished business before the Senate?

The PRESIDING OFFICER. The unfinished business before the Senate is Senate Joint Resolution 191, giving the consent of Congress to a certain compact, which was made the special order today, and which was temporarily laid aside for consideration of the bill which has just passed the Senate.

REVISION OF UNITED NATIONS CHARTER

Mr. MYERS. Mr. President, I have been receiving considerable mail from constituents, as I assume other Senators have, in support of the various resolutions introduced in the Eightieth Congress calling for United States initiative

toward revision of the United Nations Charter.

Most of the persons who write to me are citizens who took an active part before the war in trying to guide American public opinion away from isolationism and in favor of true international cooperation against aggression. Knowing how I voted on the crucial issues before the war, knowing that I voted against the isolationist efforts to thwart our foreign policy prior to Pearl Harbor, many of these constituents are now puzzled because I have not come out in support of the proposal to revise the UN Charter and primarily to remove the veto power which Russia has used so frequently in blocking effective UN action in certain fields.

Consequently, last July, I placed in the CONGRESSIONAL RECORD a letter from a constituent which posed this question and my answer to his letter. I said that I shared the concern over the weaknesses of the Charter and in the UN as they have developed. I recognized the genuine desire for peace which prompted the introduction of these resolutions, and I certainly had the highest regard for the men and women identified with them, either as sponsors or as supporters. But, as I said then:

I am frankly afraid that what we might do by proceeding with this show-down—

Meaning a show-down with Russia over the veto and other matters in conflict in the UN structure—

at this time would be to strike the final cleavage within the United Nations and, instead of strengthening it, actually be destroying it. Can we take that chance?

I said further:

The United Nations as it is now set up is probably the most effective organization we could hope to have at the present time and still retain the Soviets and their satellites as members. I think it is important to try to hold them as members in the hopes that this present intransigence may be merely a passing period, a sort of adolescence in international cooperation. For this reason, I think that the proposed conference would be premature, and in probably breaking up the United Nations, would, in fact, be responsible for losing us what now appears to be our best present hope for stabilizing peace.

This having been my position, I was highly pleased to learn of the statement which Secretary of State George C. Marshall made yesterday before the House Foreign Affairs Committee on this very subject. As the Secretary said, what the world needs today is not new structures for peace but better use of the organization which already exists.

I made a somewhat similar comment several weeks ago, in addressing the Pennsylvania Intercollegiate Conference on Government, at Philadelphia, when I said:

We are drifting in a world where the forms exist for peace, but where the mechanics of peace cannot function.

Rather than change the forms, Mr. President, I agree with Secretary Marshall that it is better to try to establish—or reestablish—an international atmosphere conducive to the use of the UN for peace.

The night before the Secretary testified before the House committee, Joseph

C. Harsch, one of the outstanding Washington correspondents, delivered a short commentary over the Columbia Broadcasting System which contained some provocative observations on the matter of revising the UN Charter.

As he puts it:

The perfectly laudable and desirable end of those who propose these reforms of the UN is to produce a stronger UN, and incidentally either get Russia out of it or under control. But no mere words written on a piece of paper and wrapped up even with the most beautiful real silk ribbons are going to achieve that purpose. If you eliminated the veto, over Russia's veto, you would be setting up a second UN, leaving Russia and her satellites in possession of the existing UN. There might be some satisfaction in having a new organization purged of the Russians but it wouldn't solve any of our problems with Russia.

Although Mr. Harsch's commentary covers a number of subjects in addition to this proposal for revising the Charter of the UN, he ties them all together under the theme of "short cuts to peace." I ask unanimous consent that the entire commentary be included in the RECORD as a part of my remarks. His remarks on the Charter were so well stated that I asked Mr. Harsch to send me his script.

There being no objection, the commentary was ordered to be printed in the RECORD, as follows:

The political fortunes of either Harold Stassen or Senator TAFT may at this moment be settled. But if so the secret is still inside the ballot boxes of Ohio, the contents of most of which remain to be counted and tabulated. So we might as well curb any impatience for a few more hours and note some of the other things going on in the world. Here at home it is pretty obvious that a lot of people are still hunting hopefully for easy ways out of difficult problems. Two short cuts cropped up in Congress today. One was the idea of getting out of either the draft or universal military training by offering a bonus to volunteers for the Army—a thousand dollars for a 2-year enlistment, \$1,500 for a 3-year term. It is particularly appealing to a Congressman in an election year, of course, yet anyone who takes just a minute to remember his history will realize what a delusion that kind of security would be. All kinds and sizes of states and nations down through the ages have tried to meet their security problems with that answer—and most of them came to grief. You don't buy patriotism with dollars. You can buy a mercenary army with dollars, but no mercenary army in history ever stood up in an equal fight against a citizen army. The British remember, even if some of us may not, how little benefit they got out of their Hessians when a lot of our farmers and backwoodsmen met them at Saratoga. Another of today's bright ideas is that we could solve the problem of the United Nations by writing the veto out and a police force into it. The fallacy of this idea is that it confuses the end with the means. The perfectly laudable, and desirable end of those who propose these reforms of the UN is to produce a stronger UN, and incidentally either get Russia out of it or under control. But no mere words written on a piece of paper and wrapped up even with the most beautiful real silk ribbons are going to achieve that purpose. If you eliminated the veto, over Russia's veto, you would be setting up a second UN leaving Russia and her satellites in possession of the existing UN. There might be some satisfaction in having a new organization purged of the Russians, but it wouldn't solve any of our problems with Russia. There would still be the cold war to be carried on to its ultimate

climax, whether of peace or of war. A coalition of the free nations is much the same whether it is technically inside or outside the existing UN. And anyway, it is nonsense to think of this country giving up its own right of veto even to a UN purged of Russia and her satellites. Perhaps we should give it up. But that is beside the point. Right or wrong, we are not in fact ready to delegate to a group of other countries our right to decide how we will dispose of our money, our armed forces, or our atomic energy. We might do that by treaty with some few countries we particularly trust under certain carefully specified circumstances. But that would be membership in a coalition of countries for a specific purpose. It would not be a world federation of states. And as for a police force. The UN will have one whenever the big countries can all reach a settlement among themselves. But the settlement would not be speeded by a UN police force which wouldn't impress any but small countries. The trouble isn't in the UN. The trouble is in the present inability of the big powers to reach a general settlement among themselves. Solve that problem and the UN automatically ceases to be weak. And you can't make the UN strong any other way. Until that time comes we can make alliances and form coalitions as means toward a big power settlement. We may or may not reach the settlement by that road. We are trying it and you and I can only hope profoundly that it works. But tinkering with the UN isn't going to accomplish anything except perhaps give a few people a momentary illusion that they have found a short cut to peace.

Mr. HOLLAND obtained the floor.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, I desire to occupy only a few minutes in connection with the remarks of the Senator from Pennsylvania [Mr. MYERS].

I listened with a great deal of interest to what the Senator from Pennsylvania has said. I should like to associate myself completely with the point of view which he has expressed. I think we have the machinery for maintaining peace in the world, provided we can establish the will to use that machinery and an understanding can be brought about among the leaders of the world that diligent efforts should be made to use it.

BEWARE REESTABLISHMENT OF EUROPEAN CARTELS

There is an associated aspect of the problem of world peace to be found in economic organizations. The reason we have political totalitarianism in the world as a problem is because there has developed a system of economic totalitarianism. The uprisings in Europe which resulted in establishing the arbitrary power of Mussolini in Italy, of Hitler in Germany, and of the Soviet Communists in Russia were due to the fact that economic organization in Europe had given birth to the cartel system. The cartel system, in simple words, is merely a system in which certain large business organizations associate themselves together to control production, to divide territory, to allocate business, and to fix prices. It is contrary to the American ideal of a free, competitive economy. I have long been of the opinion that the greatest step the people of America can take to establish freedom in the world is to make certain that the cartel system

shall be abolished. I know that is the point of view of a great many business leaders, even those who are at the head of great national and international organizations.

Several years ago I introduced in the Senate a bill to provide for the registration of cartel agreements. The gentleman who at that time was the president of the Standard Oil Co. of New Jersey appeared before a subcommittee of the Senate Committee on the Judiciary, which was conducting hearings upon that bill, to express his general agreement with the purposes of the bill. Nothing has been done about it. The measure is still before the Judiciary Committee.

The State Department of the United States filed its testimony with respect to the measure, giving its approval. All of this appears in the appropriate printed hearings of the Judiciary Committee. It is related, however, Mr. President, to the situation with which we are now confronted by reason of the establishment of the European Cooperation Administration and the approval by the Congress of the Marshall plan.

Great sums of money, many products of American industry and trade are being and are about to be devoted to the rehabilitation of the European economy. But if that rehabilitation results in reestablishing in Europe the cartel system which brought about the appearance of political totalitarianism, I have no hesitation in expressing my opinion that the appropriations which we have made and the efforts of the European Cooperation Administration will be altogether futile.

I have undertaken to lay these views before Mr. Hoffman, the head of the ECA, and before Secretary of State George Marshall. I ask unanimous consent that my letter of April 28 to Mr. Hoffman may be read by the clerk. I do this because I believe that the substance of the letter is of sufficient importance to be called publicly to the attention of all who may be listening.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

UNITED STATES SENATE,
Washington, D. C., April 28, 1948.

MR. PAUL G. HOFFMAN,
Administrator, Economic Cooperation
Administration, Washington, D. C.

DEAR MR. HOFFMAN: May I first tell you how pleased I was when I learned of your appointment not only because of the very pleasant personal contact I have had with you from time to time, but because of your work as the head of the Committee on Economic Development which demonstrated that you have an enlightened view of the economic problem. As Administrator for the Economic Cooperation Administration you will have the opportunity of making certain that the large sums which the people of America have appropriated for the recovery of Europe shall be used to establish a free economy. No one, I am sure, knows better than do you that the reestablishment of private economic controls in Europe would only revive the conditions which brought the totalitarian philosophy into existence.

I am frankly deeply concerned by the developments which appear now to be taking place in Europe. The Rotterdamsche Bank has recently published a carefully prepared monograph which it calls *Benelux an Example of Unity in a Divided World*, the whole

theme of which seems to be a recommendation for the reestablishment of the cartel system. "The development of new industries," it says, "will be coordinated in official consultation." There follows the following extremely frank statement:

"Moreover, undesirable competition between Belgium and Dutch industries could in a number of cases be eliminated by cartel agreements. The governments could make the latter compulsory in cases which come into consideration for such regulation. With respect to foreign markets the industries of the Benelux group would act as partners and not as competitors."

I shall not burden you in this letter with a complete citation of the contents of this monograph. I call your attention to it, however, because it seems to me to constitute a warning of the greatest danger that confronts your organization.

The Communists lost the Italian election because Premier de Gasperi promised reforms which would create economic opportunities for the masses of the people of Italy. If these reforms are not established, no amount of money loaned by the United States can stop the sweep of communism. These reforms will not be enacted in Italy nor elsewhere in western Europe if the cartel system is revived. Combinations of private groups to eliminate competition, to divide markets and necessarily to fix prices as outlined in this monograph of the Rotterdamsche Bank would make economic reform utterly impossible.

If the cartel system is reestablished in Europe it will necessarily involve the United States because we have great business organizations engaged in world trade which, in the past, have been closely associated with European cartels. If the cartel system is permitted to gain a new foothold in Europe it will involve the world and the result will be that instead of a now free economy with opportunity for the masses under really democratic auspices we shall have a controlled economy based upon the restraints of trade which American sentiment has always condemned.

May I make bold, therefore, to suggest to you that the utmost care must be exercised in the selection of the personnel to administer the Economic Cooperation Administration.

Sincerely yours,

JOSEPH C. O'MAHONEY.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that there may be printed in the RECORD at this point, without reading, a similar letter which I addressed on the 1st of May to Secretary of State Marshall, together with a copy of his response.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
Washington, D. C., May 1, 1948.

HON. GEORGE C. MARSHALL,
Secretary of State,
Washington, D. C.

DEAR MR. SECRETARY: As one of those who has consistently supported the European recovery plan and has applauded your leadership in its formulation, I write to urge upon you the immediate reaffirmation by this Government of the opposition to the reestablishment of the cartel system in the European economy. All of the expected benefits of the Marshall plan would, in my opinion, be utterly lost if, by indirection or otherwise, it should be made the basis for reviving monopolistic controls of European industry.

This Government has on more than one occasion expressed itself in opposition to the

cartel system. As recently as July 19, 1947, Maj. Gen. William H. Draper, Jr., who was then serving as Economic Adviser to the Commander in Chief, European theater, testified before the Senate Committee on Appropriations and, in response to my question as to whether or not there was any basis in fact for reports that the old German cartel system was being reestablished, declared most emphatically that there was no truth in such reports. He went on to say that an anti-cartel law had been passed in the American zone and a similar one in the British zone and that there was no purpose on the part of our Government to permit the reestablishment of the cartel system.

In a formal written statement which was filed with the Appropriations Committee by General Draper at my request and which appears beginning at page 83 of the published hearings on H. R. 4269 on July 19 last, General Draper said:

"The new decartelization law, however, was needed to prevent the old cartel organizations from reviving as German industry begins to recover from the effects of the war. The law was intended to chart a course for competitive enterprise with smaller units and to prevent dangerous concentrations of economic power which formerly existed in Germany and which became ready tools to carry out Hitler's totalitarian and warlike purposes."

During the Seventy-ninth Congress Assistant Secretary of State, Mr. William L. Clayton, testified before a subcommittee of the Senate Committee on the Judiciary in support of a bill I had introduced to provide for the registration of cartel contracts. His statement appears at page 23 of the published hearings held on S. 11 on May 17, 1945. In endorsing this bill the Secretary testified that the State Department regarded it "as a useful element in the program to prevent private agreements in restraint of international trade."

The whole purpose of the European recovery plan is, of course, to promote recovery. It is obvious that recovery cannot be promoted under the cartel system, the express purpose of which is to restrain trade, to divide territory, to allocate production and to fix prices. It was the regimentation of the economy of Europe under private controls that was the primary cause of political totalitarianism. European business leaders have been accustomed to these practices and unless the United States Government takes a clear and positive stand there is grave danger that the assistance made available to Europe under the Marshall plan may be used to reestablish the old practices.

Let me cite two examples which show that this is a real danger. In an economic pamphlet published by the Rotterdamsche Bank last year entitled, "Benelux an Example of Unity in a Divided World," there appears on page 33, under the heading "Cartel agreements," the following paragraph:

"Moreover, undesirable competition between Belgium and Dutch industries could in a number of cases be eliminated by cartel agreements. The governments could make the latter compulsory in cases which come into consideration for such regulation. With respect to foreign markets the industries of the Benelux group would act as partners and not as competitors."

The second example is the final report of the French-Italian Mixed Commission for the study of a customs union between France and Italy which was published this year in Rome by the Italian Minister of Foreign Affairs. In this document there are numerous allusions to the desirability of economic coordination to eliminate the differences between the economies of the two countries and to reorganize the two economies on a "complementary basis." That such a reorganization could mean the revival of old-fashioned cartels is a conclusion which must be drawn

from the following language in the closing paragraphs of chapter 3 of the final report at page 66:

"The realization of the customs union should permit the achievement of coordination and the abolition of these differences (differences in production). Such a task requires a triple form of collaboration: In the realm of importation of basic products; in the realm of the division of raw materials and capital; and finally in the organization of markets for exports. In these three realms agreements should be sanctioned either at the governmental level or on the level of the parties involved.

"The principle which shall govern the realization of such agreements ought to be the search for a rationalization of industrial organizations and a specialization of production which will permit regrouping the productive energies of the two countries in the larger and more effective framework of the Customs Union."

Thus we have two semiofficial declarations from western Europe supporting a form of economic reorganization out of which it would easily be possible for private monopoly to grow. In view of the fact that many of our own American industrial corporations have, in the past, been parties to world cartels and in view of the fact that much of the personnel which will be called upon to administer the European recovery plan will, perhaps necessarily, come from such organizations, it seems to me to be essential that our Government shall take a forthright stand incapable of misunderstanding against the reestablishment of private monopoly through the use of the economic aid which is being extended by the people of the United States.

This country alone of all the great nations of the world stands for a free economy. This country alone has by law prohibited restraints in trade. It is only by the maintenance of this essentially American policy that the private competitive system can be maintained. It is for this reason that I urge the State Department to make clear that there has been no change in the basic policy of this Government.

Sincerely yours,

JOSEPH C. O'MAHONEY.

MAY 4, 1948.

The Honorable JOSEPH C. O'MAHONEY,
United States Senate.

DEAR SENATOR O'MAHONEY: Thank you for your letter of May 1 on the subject of the attitude of this country toward any reestablishment of the cartel system in European economy.

I am informed that the Executive Committee on Economic Foreign Policy is scheduled to take this matter up this week with the idea of making a specific recommendation on this general subject.

I will revert to this matter again following the interdepartmental discussions.

Faithfully yours,

G. C. MARSHALL.

Mr. O'MAHONEY. Mr. President, this matter deals not only with a movement to prevent the reestablishment of the cartel system, it also involves the problem of decartelization in Germany, in the zone occupied by the United States, and in the zone occupied by Great Britain.

Mr. THOMAS of Utah. Mr. President, I am wondering if the Senator from Wyoming will not have read General Marshall's reply to his letter. I think we are all interested in hearing it.

Mr. O'MAHONEY. The reply of General Marshall, I will say to the Senator, is merely an acknowledgment of the re-

ceipt of the letter, and a statement that the Executive Committee on Economic Foreign Policy is scheduled to take the matter up this week, with the idea of making a specific recommendation upon the general subject. I am calling the attention of the Senate to this exchange of correspondence because of what I deem to be the great importance of this issue.

I was about to say that on the 19th of July last, when the Senate Committee on Appropriations was considering the supplemental appropriation for 1948, General Draper, who was at that time with the military government in Germany, appeared before the committee. In response to my inquiry, he said that there had been no change in the decartelization policy, and at my request he then prepared and submitted as a part of the record a statement upon this whole general subject. I ask unanimous consent that the statement of General Draper which was submitted to the Senate Committee on Appropriations, and printed in the hearings of July 19 last on H. R. 4269, be also made a part of the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FOOD PRODUCTION IN GERMANY

Chairman BRIDGES. Mr. Secretary, another thing: What are the prospects for developing sufficient food in these areas, or for increasing the availability of food of their own production, and how soon will they begin to feel the effects of that?

Mr. ROYALL. I am sure we are making every possible effort in the way of furnishing fertilizer, seed, and so forth. I believe I will ask General Draper, speaking as to Germany, to supplement that briefly.

General DRAPER. Secretary Anderson, of the Department of Agriculture, Mr. Chairman, has just returned from Germany. He went into that question very thoroughly. It was one of the purposes of his trip.

We had programed and planned and hoped for about a 10-percent increase in the crop yield this year, as opposed to last year. The winter was the worst winter in 50 years. There was a bad kill of crops all through Europe, not as bad in Germany as in France, but the result is that we will probably not have any better crop this year than last year. The expectation is, however, that next year's crop should be somewhat better.

I should say that Mr. Anderson's conclusion was that 20 to 30 percent over a period of a few years could be achieved in the way of increased yield in Germany with proper fertilizers, and he is making efforts to help us on that.

However, the fact is that 25 percent of Germany's arable land was taken away in Potsdam for Poland and Russia, and western Germany was always the industrial part of Germany, that received food from eastern Germany. And we are receiving none of that food, so it is not conceivable that western Germany can ever support itself and its population from its own food resources. As a matter of fact, the population is up 8,000,000 in the bizonal area over prewar figures, and the crop yields are down about 25 percent. That can be recouped, but even when it is, before the war that part of Germany was very insufficient in food and provided itself with food by shipping out industrial exports to pay for the food that it brought in, largely from the east.

That food now comes from the United States. And it will be a long time before European food sources will develop to a point where that can be changed.

Chairman BRIDGES. What do they hope to do?

General DRAPER. To build up the industry to a point, keeping due regard to the war potential in the heavy industry, but building up its industrial products to a point where its exports will pay for the food.

We have a definite program for that purpose developed, a 3-year program. I cannot guarantee to the committee, obviously, that that will be successful. We are probably 6 months behind in the program now for two reasons. First, the winter which created for 4 months a complete stagnation in Germany. We had to put priorities on transportation and move food and coal alone, and even then we were not able to move all of that during the winter. The result was that most of industry was shut down for that period, and then in March and April when the spring came on and industrial activity began to revive, this food crisis hit us.

On Ruhr coal production we had a point system developed in the Ruhr under which the coal production was mounting very satisfactorily from 180,000 tons in November to 220,000 and 240,000 a day by March in the Ruhr, which was a tremendous increase, and we were planning on 300,000 before the end of the year. That will mean a tremendous difference not only to Germany, but also to western Europe.

The food crisis came and coal production dropped off immediately. Unless food does become available, not only sufficient for the coal miner and his family, but for the general population, the general economic level is likely to sink into almost economic chaos.

Chairman BRIDGES. General, what lines of food are you most hopeful will be produced in great quantity in Germany? What lines will the increase come in? Will it come in grains, potatoes, or what?

General DRAPER. The program is to cut down on the livestock and the pasture lands in order to substitute food for human consumption; wheat, potatoes, rye, the various bread grains, and in addition a tremendous vegetable-garden program. There are this year a quarter of a million more home gardens in western Germany than there were a year ago. That adds a certain value, but it does not have a high calory content. But practically every little patch in any part of western Germany that it is possible is now planted, but the increase would mainly be in potatoes and bread grains.

Mr. O'MAHONEY. Mr. President, I am very grateful to the Senator from Florida for having yielded to me.

SOUTHERN STATES COMPACT ON REGIONAL EDUCATION

The PRESIDING OFFICER. The Chair lays before the Senate the joint resolution (S. J. Res. 191) which was made a special order for today.

The Senate proceeded to consider the joint resolution (S. J. Res. 191) giving the consent of Congress to the compact on regional education entered into between the Southern States at Tallahassee, Fla., on February 8, 1948.

Mr. HOLLAND. Mr. President, on February 25 last there was introduced in the Senate, sponsored by 28 Senators coming from 15 Southern States, Senate Joint Resolution 191, which was referred to the Committee on the Judiciary. An able subcommittee consisting of the distinguished chairman of the Committee on the Judiciary, the Senator from Wisconsin [Mr. WILEY], and the distinguished junior Senator from Rhode Island [Mr. McGRATH] held hearings on March 12 and 13 last.

The record of those hearings has been printed, and Senators will find available in the Senate Chamber printed copies of the record. I take this first opportunity to express my very deep appreciation to the subcommittee for the careful way in which they went into the subject, and for what I think is an excellent record which was built in this matter largely due to their meticulous efforts. The full Committee on the Judiciary subsequently approved the measure, and it came to the calendar, where it has been since April 13.

Day before yesterday, May 4, the House of Representatives, by a vote of 236 to 45, passed a companion measure, House Joint Resolution 334, which yesterday came to the Senate and went to the calendar as Calendar No. 1286. At this time I move that House Joint Resolution 334 be substituted for Senate Joint Resolution 191 and become the pending business.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida that House Joint Resolution 334 be substituted for the pending joint resolution?

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. If the motion of the Senator from Florida is agreed to, and the joint resolution is passed, it will have to go back to the House for action, will it not?

The PRESIDING OFFICER. If the request is granted it will simply mean that the House joint resolution will be before the Senate for consideration and amendment.

Mr. CONNALLY. What I mean is that if something is accepted as a substitute, it is an amendment within itself. It seems to me it would be better to take up the House joint resolution by unanimous consent, rather than consider the Senate joint resolution.

The PRESIDING OFFICER. The Chair thinks the effect of the request of the Senator from Florida, if the Chair understood the request correctly, is that the Senate shall proceed to consider the House joint resolution in lieu of the Senate joint resolution which is now the pending business before the Senate.

Mr. CONNALLY. If the motion will have the effect of making the House measure the one before us, well and good.

The PRESIDING OFFICER. The effect will be that the House joint resolution will be before the Senate for consideration.

Mr. CONNALLY. I understood that the Senator from Florida moved to substitute the House measure for the Senate measure. If that request were granted, the Senate measure would be before the Senate with an amendment, which would be the House measure, and therefore it would have to go back to the House. What I am trying to do is to have the House measure taken up by the Senate for consideration.

The PRESIDING OFFICER. The Chair understood that to be the desire of the Senator from Florida, and if the request of the Senator from Florida is

granted, it is the opinion of the present occupant of the Chair that by substituting the House joint resolution for the Senate joint resolution, the Senate will then have the House joint resolution before it for amendment and passage.

Mr. FERGUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FERGUSON. Prior to action on the motion of the Senator from Florida, I should like to ask what the difference is between the Senate version as it left the Committee on the Judiciary and the joint resolution passed by the House?

Mr. HOLLAND. The only difference between the joint resolution as passed by the House—House Joint Resolution 334—and the Senate joint resolution, is that the amendments which were placed in the measure by the Senate committee were not adopted by the House, and I will say for the information of the Senator that it is the intention of the junior Senator from Florida to ask that those amendments be adopted to the House joint resolution rather than to the Senate joint resolution. Such action is requested after conference with the chairman of the Committee on the Judiciary. I understand it to be agreeable to him.

Mr. FERGUSON. Mr. President, I wish to ask the Senator another question. In effect that would be, would it not, bringing before the Senate the identical bill that left the Committee on the Judiciary?

Mr. HOLLAND. Exactly. The sole purpose of the effort to take up the House measure rather than the Senate measure is to expedite the final action of both Houses upon the matter.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 334) giving the consent of Congress to the compact on regional education entered into between the Southern States at Tallahassee, Fla., on February 8, 1948.

Mr. HOLLAND. Mr. President, I shall now proceed as briefly as possible to discuss the subject of this particular joint resolution. Back in 1934 or 1935 the conference of southern governors, which has been an active regional conference since prior to that time, began consideration of means and methods whereby they could strengthen education in the group of States which they represent. The negotiations looking to that end have continued without interruption from that time, 1934 or 1935, until this time, having been held somewhat in abeyance, of course, during the war, due to the press of other business.

The problem presented has been that much graduate-school work and technical, professional, and scientific work, which is of importance to the South, has not been available anywhere in the South, and in other fields it has been available in an inadequate and insufficient degree. For instance, Mr. President, petroleum engineering, textile engineering, engineering in mining and metallurgy, and ceramics, are exceedingly vital to the South, due to the fact that much of the

raw materials in the industries built upon petroleum, textiles, mining and metallurgy and ceramics are produced by the South; yet in those fields there is virtually no educational opportunity or educational facility available in the whole southern region.

In the case of my own State, Mr. President, in which happens to be located a source from which is being produced about 65 percent of the phosphate supply of the Nation, we have no school from which we can obtain trained personnel for our phosphate mines, and the same observation applies respecting all the Southern States which have mining industries.

In addition to these fields in which there is no instruction available, there are other fields in which there is insufficient instruction available. For instance, in the field of medical education, dental education, veterinary science, forestry, and in the field of graduate work, educational facilities available in the southern region as a whole are wholly insufficient. For instance, if Senators will allow me to refer again to my own State, we have no medical school, we have no dental school, we have no school of veterinary science. In the States of Georgia and Florida, which are adjoining sister States and closely aligned with each other in every way, there are no dental schools other than one private school, Emory University Dental College. The result has been that a great many young people of the South have either found themselves entirely banned from securing scientific and professional education, or have found grave handicaps interposed to their ambitions.

I happened for a few years, Mr. President, to serve on the board of trustees of Emory University, and only last year, I am sorry to say, the number of applicants to our medical college there was so great that we were able to admit only about 8 or 9 percent of the total number of applicants to take the course of study in our medical school.

So the primary purpose of the compact is to make it possible for any two or more of the States in this region affected, by their joint efforts and joint funds, either to establish and support schools in these fields or to take over and improve greatly facilities which already exist, but which are entirely inadequate.

Article I, section 10, paragraph 3, of the Constitution provides in part as follows:

No State shall, without the consent of Congress, * * * enter into any agreement or compact with another State.

I am not quoting the entire wording of that section, the remainder of which applies to matters other than compacts. Under that provision of the Constitution and under the development of the States in the various regions there have been more than 100 instances in which interstate compacts have been entered into by two or more States, with respect to which compacts the approval of Congress has been sought and in most cases granted. I invite the attention of the Senate to the fact that the distinguished chairman of the Judiciary Committee had prepared and inserted in the Record in this case,

at pages 9 to 13, inclusive, a complete list, as stated by him, of the instances in which interstate compacts have been developed among several States or groups of States.

In February of this year this effort of long standing happened to come to a head at Tallahassee, the capital of my State. On February 8 the compact was reduced to written form and was executed by a group of governors from the 15 States affected, and has subsequently been signed by the governors of all those States except one, having been signed, as I understand, and as shown by the copy of the compact which is included in the joint resolution, by 14 governors, from all the States in the compact except the State of Kentucky. I understand that the Governor of Kentucky is still considering the matter, and that in all probability he will sign it, though I do not state that as a matter of certainty. That is my information from the Governor of Florida, and I know that he believes that such course is probable.

At the time this general program came to a head and the compact reached written form, as it appears in the House joint resolution which is now being considered, there was a certain school, Meharry Medical College of Nashville, Tenn., which had reached the stage where, under its present condition, it could not continue to operate after the present scholastic year had ended. Meharry College is a medical school for Negroes. It was established at Nashville, Tenn., in 1876, and has continued to exist without interruption from that time until now. It is a school of high standing, a class A medical and dental school, from which have been graduated approximately 56 percent of the doctors and dentists of the Negro race who have served the people of the United States in the period since 1876.

As appears from the record in this case, that college has heretofore had very strong and important financial support from various private sources. The record shows, for example, that the General Education Board has put about \$10,000,000 into that effort. It is a school with very fine facilities and with a high-grade professional staff. It is a school which we certainly want to preserve, because of the benefits which it has conferred and is conferring not only upon the members of the colored race who seek their training there, but also upon the entire South and upon the whole Nation.

It so happens that for a period of years Meharry has been operating at a deficit which, according to the record, has at times reached a figure of \$350,000 a year. It happens that the foundations which have heretofore supported this good school have decided that it is impossible for them to continue to support the institution, operating in the red as it has been constantly, because of the increased cost of that type of education.

At the time this compact was reaching written form the trustees of Meharry Medical College and the foundations which are supporting that college approached the southern governors with the request that the work on the compact be hastened, and that as one of the first objectives the States operating

under the compact should agree to take over and operate Meharry Medical College and support it by tax funds raised by the 15 States, or any of them which cared to participate.

I invite the attention of the Senate to the fact, as shown by the record, that that approach was from the board of Meharry College and from the foundations which have heretofore been operating Meharry College, and was coupled with the statement of those foundations and of the board that unless help were forthcoming from the Southern States, the school would have to end its activities in June of this year. The board took unanimous action. Incidentally, the board consists of persons of both races, distinguished educators and citizens throughout the Nation.

It will appear from an inspection of the joint resolution approving the compact, and from the compact as copied therein, that one of the specific objectives cited—and it happens that it would be the first objective to which the compact would be applicable—is the continuance of this very worthy educational effort, Meharry Medical College, at Nashville, Tenn.

As to the substance of the compact, the compact speaks for itself, and is copied into the joint resolution; but I think it would be proper to give a brief résumé of its terms.

It provides that the 15 States shall join together for the purposes which I have just described. It provides that any two or more of such States, working jointly, may support, establish, or operate educational facilities in any of the fields which I have mentioned. It provides that it shall not be in force until it has been approved by at least six State legislatures. It provides that it shall not be in force as to any particular State unless it is approved by the legislature of that State. So far as Meharry College is concerned, one of the conditions which was applied by the trustees and by the foundations was that the compact should not be operative until the consent of Congress has been given.

Under this organization it is provided that three men from each of the States which shall participate—there being now 14 States participating—shall comprise a regional board of education with authority in this field; that as to any separate institution, the members of the board who come from the States which are taking a part in a particular institution shall comprise the board for such institution.

The compact provides that the legislatures of the several States, once having ratified the compact, shall support from tax funds the institution or institutions established under the compact.

There is a provision for withdrawal, to the effect that when a State withdraws it shall forfeit its interest in any facility which has been created. The compact also imposes a reasonable time limit on withdrawals, so that plans for the year immediately ahead may not be disrupted by a withdrawal which is too precipitate.

The program under the compact seems to be carefully outlined. It has already been considered by some of the legislatures and approved by them, and will be

considered by others just as quickly as the various legislatures convene.

Mr. President, to carry the matter one step further, let me say that, of course, not only is it necessary that the consent of Congress be given before Meharry Medical College can continue its work by operating under this compact, but it is also necessary that the consent of Congress be given before a very important research survey, which now is outlined, can be made operative. I am informed by a letter from the Governor of Florida, who has served as chairman of the Board of Governors working on this project, that the program is ready to proceed, and that the Rockefeller Foundation is putting up one-third of the money; that officials of the Carnegie Foundation have recommended to their board that the foundation carry one-third of the expense—I understand that even though the Carnegie Foundation has not taken final action on the matter, it will do so when its board next meets—and that the various States will carry one-third of the expense of this very ambitious survey, my own State having paid the \$3,000 which was its part for that purpose. Of course, it is desirable to have the survey made with all possible speed, so that if there are existing institutions which can be enlarged and placed upon a stronger basis by the beginning of the fall term, that fact will be determined and their programs will be incorporated in the program which will operate under this compact.

So, Mr. President, I am hopeful that the Senate will take early and favorable action upon this measure. It is a measure of far-reaching importance. In the humble judgment of the junior Senator from Florida it offers much in the form of increased opportunities to the youth of the whole southern region of our Nation, and I include in my statement the youth of the white race and the youth of the colored race. I wish to make it just as clear as possible that I believe that a failure to make this program operative will cause grave hardship to the young people of both races.

Mr. President, I have one more point to make, and then I shall be through. This point is with reference to Meharry Medical College. Not only is it true that Meharry College has, as I have already stated, turned out 56 percent of the doctors and dentists of the colored race who have been graduated in the United States since 1876, but it is now one of the two institutions which, in general, afford medical and dental training for young men and young women of the Negro race. Those two institutions are Meharry College, at Nashville, Tenn., and Howard University, here in the District of Columbia. I am able to state that the number of young persons of the colored race in the medical schools and the dental schools of both those institutions at this time is, as shown by the record, somewhat in excess of 1,000. In contrast to that, I wish to state for the RECORD that there are only 86 Negro students in all undergraduate classes in all the medical and dental schools outside the southern area. So to a great extent the opportunity for such training—and it is an opportunity which I certainly desire to have con-

tinued as well as enlarged and improved—depends on the continuance and support of the two splendid institutions I have just mentioned, namely, Meharry Medical College and Howard University. It happens that the Congress has an opportunity each year to assist in carrying on the program of Howard University, because it operates very largely out of Federal appropriations.

As to Meharry Medical College and as to all the other institutions which will come under this compact, it is not desired or intended that one penny of Federal funds shall be made available to them or shall be sought for their support. The purpose is simply to enable the Southern States more effectively to offer better education to their own youth of both races.

I wish to point out that the record shows that approximately 60 percent of the young people at Meharry Medical College come from the Southern States. Therefore, it is only right and just that the Southern States should contribute to the support of that institution and should thus carry the burden of the education of their own youth.

What we seek in this connection in respect to Meharry Medical College is only incidental to the whole purpose. We hope that that institution will be but one of many. It so happens that so far as Meharry Medical College is concerned, we now have an opportunity to consent to a compact or arrangement under which the Federal Government will not carry the burden of the cost. So that situation will be different from the arrangement in regard to Howard University, in the District of Columbia, where the greater part of the cost is carried by the Federal Government. In the case of Meharry Medical College, not only will the Federal Government be spared the burden of carrying the cost, but the States from which come the majority of the student body at that institution will themselves be allowed to undertake the burden, which should rightly fall on them.

Before I close my remarks, I should like to observe, in order that it may clearly appear that no discrimination is involved in this matter, that my own State of Florida does not have either a medical school or a dental school. As a result, at the present time no way is open to us to assist our young white people to obtain medical or dental training. We hope to make such an opportunity available to them. We hope to provide that opportunity under this program.

But regardless of how long it may take us to work out that problem, the State of Florida and, along with it, every other Southern State, is here offering to take its full share of the burden at Meharry Medical College.

Again I point out that the racial question is wholly incidental to this entire matter, and that insofar as the southern Governors are concerned, they favor this compact as the only clearly available means they see by which a higher level of professional, scientific, and graduate training can be made available to the youth of our entire region; and when I use the term "youth," I mean the youth of both races.

Mr. FERGUSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Does the Senator from Florida yield to the Senator from Michigan?

Mr. HOLLAND. I yield.

Mr. FERGUSON. I should like to obtain the opinion of the able Senator from Florida upon a hypothetical case, as related to this compact. He has stated that the State of Florida does not have either a medical school or a dental school, such as exist at Meharry Medical College. If the State of Florida, following the giving of the consent of Congress to this compact, were to provide for a medical school for white persons only, could this compact be used as a basis for saying that there was equal protection of the law, in the sense of what was said in the case of *Missouri ex rel. Gaines* against Canada where it was stated that—

The equal protection of the laws is a pledge of the protection of equal laws.

Citing *Yick Wo v. Hopkins* (118 U. S. 356, 369):

Manifestly, the obligation of the State to give the protection of equal laws can be performed only where its laws operate, that is, within its own jurisdiction.

So I ask the Senator whether it might be contended that once the compact is consented to by Congress, it could be used as a basis for setting aside the application of that language, and that it could be contended in the Supreme Court or in the other courts of law that the State of Florida was furnishing a school of equal facilities, as referred to by the Supreme Court.

Mr. HOLLAND. In answer to that question, let me say that I expect it would be so contended, but that in the judgment of the junior Senator from Florida the law, as decided by the United States Supreme Court, would still effectively apply, if the new facility were located in Florida. If both of the facilities were located in the State of Tennessee, let us say, possibly a question could arise. That question is no different, I call to the attention of the Senator from Michigan, from the question which now exists as between the facilities of the University of Florida at Gainesville and those offered by the colored college at Tallahassee. It seems to me that the enactment of this joint resolution and the approval of this compact would in no way and in no sense and to no degree whatever change the legal, constitutional question which is presented. I have so stated to the Senator privately, and I now state it for the record as being my judgment in the matter, although I state only my own judgment, of course.

Let me go further by saying that we are not hopeful of having in Florida all the joint institutions which would be set up under this compact. In fact, we might not even have any of them. For instance, it was stated at the hearings—either by the Governor of Florida or by someone else—that there was already under negotiation with the State of Alabama a tentative arrangement under which our young people might attend the veterinary school located at Auburn in that State—which day before yester-

day paid such high and signal honor to its distinguished junior Senator whom I see here—thus enabling our young people to have the benefit of the excellent facilities of that institution. Even so, that institution needs bigger and better facilities and could obtain them under such a plan. It may be that such an arrangement will be worked out.

Mr. President, there are infinite possibilities in this program because many of the Southern States do not have medical schools, and more than half of them do not have dental schools. I do not have before me at this time the statistics as to schools teaching veterinary science; and, of course, there are other divisions and branches of science which are not now represented at all by any schools or institutions in the Southern States.

Mr. FERGUSON. Mr. President, will the Senator yield for another question?

Mr. HOLLAND. I yield.

Mr. FERGUSON. As I understand the situation, if the Southern States were to provide in the South a medical school for white students only, to be supported jointly by the Southern States, it could be contended, could it not, that there would be segregation, because the Meharry Medical College would take care of the colored students, providing them with facilities equal to those of some other white school?

Mr. HOLLAND. It could be so contended, yes; just as it can now be contended, though it has not been, that the facilities at the A. & M. school for Negroes at Tallahassee are not equal to those furnished at the University of Florida for white students.

Mr. FERGUSON. So, as I understand, the compact would perpetuate segregation in the South, or could be used for that purpose.

Mr. HOLLAND. All I would say to the Senator is that nothing can perpetuate segregation in the South but the determination of the Federal legal question in the first instance, and the question of policy in the second instance by the States themselves.

If the Senator will refer for a moment to the printed record he will find on pages 126 and following a complete compendium of the constitutional and statutory provisions in the various States—and, by the way, they are not all included in the compact—which have racial segregation in education. Upon reading those various provisions the Senator will note that the differences are many and that the problems are problems which will have to be left to the people of the several States, including both the white people and the colored people, to determine for themselves what constitutional and statutory policy they want to follow. Further than that, I think it is impossible to answer the Senator's question.

There are two problems, neither of which I think is affected in the slightest by the adoption of the compact: First, the legal problem, a judicial problem for the determination of the application of the Constitution of the United States to such facts as may arise; second, the question of public policy, to be deter-

mined by each of the States affected—in most cases, in a most solemn way, because in nearly all cases the provisions on this subject are constitutional, as the Senator will note from the compilation to which I have referred.

Mr. IVES. Mr. President—

Mr. WILEY. Mr. President, does the Senator from New York desire to discuss this matter?

Mr. IVES. That was the intention of the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. IVES. Mr. President, I am very much in sympathy, from an educational standpoint, with the over-all educational purpose which presumably is intended to be effectuated by the compact. Wherever greater opportunity for educational advancement or for the raising—so to speak—of educational standards, is offered, I am in favor of that kind of opportunity. I am not quite clear, in view of the terms of the compact and of the discussion regarding it which has taken place this afternoon, exactly what is intended with regard to educational standards; nor am I quite clear as to the manner in which the able Senator from Florida intends to amend the House joint resolution for the purpose of clarifying, so to speak, the matter of segregation. I, for one, can never favor legislation which in any way authorizes or condones segregation. To my way of thinking, segregation is utterly contrary to the basic concepts of our American way of life.

I have talked with the able Senator from Florida about the matter, and I think so far as the question of segregation is concerned, an amendment which I shall offer may meet with his approval.

In the matter of the standard of education, Mr. President, we are dealing with something else. I think it is generally recognized that one of the great problems which is at stake or which is basic in dealing with this question of segregation in the South has been the question of standardization of education. Everyone acquainted with the educational field recognizes that any kind of second-class education, insofar as it affects any segment of our society, will always react to the great disadvantage of that segment and also of society as a whole. It has seemed to me over the years that one of the great needs of education in this country is to raise its standard throughout the United States, and raise it so that it becomes uniform, insofar as it may be possible to have a uniform standard, throughout our whole country.

I feel very strongly, Mr. President, that if the Negroes in the South were to be favored, over a period of years, with a standard of education equivalent in all respects to that with which the white students living in the South are favored, many of the difficulties with which the South is confronted would be thereby eliminated. For this reason, Mr. President, I am not in accord with the joint resolution as now drafted, and I shall propose an additional amendment to require that there be a uniform standard

of education among all the institutions that may be affected by the legislation. In this manner, Mr. President, the way should be paved toward improvement of educational facilities, in the first instance in the South, to be sure, but by its broad influence, throughout the country as a whole.

If there is one area where we are lacking today, it is the field of education throughout the country. That is the principal reason I gave my solid support to Senate bill 472, when it was before the Senate. To be sure, the bill did not contain all the requirements and standards of the type I am now indicating, which I might have desired, but it represented a great step forward. Here, in the present instance, we have a piece of legislation which can be turned into a great step forward, but in taking this step let us make sure that some of the things which education is intended to remove, will be removed, and that some of the corrections which education properly administered should make, will be made. For this reason, Mr. President, I am offering an amendment to the House joint resolution.

I do not think the able Senator from Florida has yet offered any amendment to House Joint Resolution 334. Therefore I offer the amendment which I send to the desk and ask to have stated.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. IVES. I yield.

Mr. HOLLAND. Perhaps the Senator was not present when I began my statement. I stated that in taking up the House joint resolution instead of the Senate joint resolution, the Senate committee amendment would be offered to apply to the House joint resolution. My understanding is that the chairman of the Judiciary Committee of the Senate will offer to the House joint resolution the identical committee amendments which were incorporated in the Senate resolutions. The situation is exactly the same as it would have been if the question had come up upon the Senate resolution, except that the House resolution having been passed, we are taking that up in order to expedite the whole proceeding.

Mr. IVES. Mr. President, what I am endeavoring to do I think can be brought about in the manner I propose as well as by the other process. What I am offering by my amendment is contained in the amendments to the Senate joint resolution which was before us, except that my amendment is made to apply to the House resolution, and incorporates the ideas which I have just enunciated in the debate. If my ideas, as I have written them into the amendment, are not satisfactory to the Senate, it is easy enough to have them remedied by a perfecting amendment. The only way by which I could then approach the matter would be by trying to perfect the amendment as offered by the chairman of the Judiciary Committee or the chairman of the subcommittee of the Committee on the Judiciary, to whom reference has been made by the able Senator from Florida.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from New York [Mr. IVES].

The CHIEF CLERK. On page 2, line 7, it is proposed to strike out "America", and to insert "America: *Provided*, That the consent of Congress to this compact shall not in any way be construed as approving segregation in education: *Provided further*, That the planning, establishment, acquisition, and operation of educational institutions shall include uniform standards of education under the said compact entered into February 8, 1948, and shall not be in conflict with the Constitution of the United States."

Mr. IVES. Mr. President, in order to explain what I have proposed, I want to point out that if Senators will look at page 2, line 12, of Senate Joint Resolution 191, they will find the basis of the amendment which I have offered. Beginning in line 12 the amendment reads:

America: *Provided*, That the consent of Congress to this compact shall not in any way be construed as an endorsement of segregation in education—

I stop there, because I deleted, in the amendment which I have just offered, the words "an endorsement of" and substituted the single word "approving."

I read further:

Provided further, That the planning, establishment, acquisition, and operation of educational institutions be not in conflict with the Constitution of the United States under the said compact entered into February 8, 1948.

I make a change there by adding in line 16, as it appears in the Senate joint resolution, this language. After the word "institutions" I incorporate: "shall include uniform standards of education for all such institutions under the said compact entered into February 8, 1948, and shall not be in conflict with the Constitution of the United States."

If it be desired to change that language and return to the original wording as it appears in the amendment to the Senate joint resolution, this can be done by offering perfecting amendments or modifying amendments to the amendment which I have offered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. IVES].

Mr. FERGUSON. Mr. President, as I understand the amendment offered by the able Senator from New York, it would provide that Congress shall not approve segregation in education. The words used by the committee were that Congress was not endorsing segregation in education, plus a further provision that in case the compact is used by the various Southern States to build so-called white schools and so-called colored schools, there shall be uniformity in the educational institutions so that the facilities of a colored school and the education it provides shall be equal to those of a white school.

Mr. President, I opposed the compact in the Senate Judiciary Committee and voted against it, because I felt that it would perpetuate segregation in education. I agree that there is nothing more important in America than education. I think we can look all about us and find that we need institutions of higher learning. We need to have more students attend such institutions. I am firmly of

the opinion that segregation in education, as it has been carried on, is not a good thing, and that the Congress of the United States should not perpetuate it. Eighteen colored students attend the great medical school of the University of Michigan. There are more colored students in that institution than in any other so-called white institution in the United States. I believe that under that system the colored students who attend that institution receive a better medical education than they would receive if they attended an institution in which there were only colored students.

Mr. President, I feel certain that it will not be long, if the Senate passes this resolution, before we shall hear, across the green, in the Supreme Court of the United States, the voices of counsel raised, stating that so far as Meharry College is concerned equal education is provided, and therefore all the Southern States will be able to say that if they build their own white medical institutions and provide for any one State to join them, they have provided equal education. Therefore segregation will continue.

Mr. President, I am informed that Meharry Medical College has performed great service. It has carried on for many years under private endowment. If the question here were only one of continuing Meharry College, it would be one on which we could all agree. I know of no law, I know of nothing, that would prevent the Southern States today, without this compact, giving so much money a year to this institution by legislative act. But that is not what the compact provides for. In the opening paragraph it provides for Meharry College, and then proceeds to say:

Whereas the said States desire to enter into a compact with each other, providing for the planning and establishment of regional educational facilities.

This question has been before the Supreme Court recently in the case of Sipuel against the board of regents of the University of Oklahoma, in which case the Supreme Court said:

A Negro, concededly qualified to receive professional legal education offered by a State, cannot be denied such education because of her color. The State must provide such education for her in conformity with the equal protection clause of the fourteenth amendment and provide it as soon as it does for applicants of any other group.

Mr. President, that was a per curiam decision, and covered just about a page. In that case the Court cites *Missouri ex rel. Gaines v. Canada* (305 U. S. 337). The facts in that particular case were that the State of Missouri contended that the University of Missouri was to take only white students, and that since the State would pay the tuition and the transportation of colored students to other States which provided a law school such as the University of Missouri maintained, therefore Missouri could require the student, Gaines, to go to Kansas or some other State, as the case might be, and attend law school there. The Court said:

The equal protection of the laws is "a pledge of the protection of equal laws." Manifestly, the obligation of the State to give

the protection of equal laws can be performed only where its laws operate, that is, within its own jurisdiction.

I am convinced it will be contended that the institution provided for, Meharry College, a school for colored students, is an institution in the jurisdiction of the Southern States, and therefore they can provide within their borders for an equal school for the white students only.

Mr. President, that would be tantamount to the Congress of the United States perpetuating segregation. I, for one, feel that while there is a need for education, for higher education, we would not be benefiting education in America by ratifying this compact, and therefore I shall feel compelled to vote against the joint resolution.

Mr. MORSE. Mr. President, I wish to speak very briefly on House Joint Resolution 334. I desire to say at the outset that I associate myself completely with the very able remarks made by the distinguished Senator from New York [Mr. Ives] and with the equally able remarks made by the distinguished Senator from Michigan [Mr. FERGUSON].

Before I discuss an amendment I shall offer, I wish to make three points on the joint resolution. First, I share the view of the Senator from Michigan [Mr. FERGUSON] that no compact is necessary to enable the Southern States to proceed to set up regional schools if they care to do so. Furthermore, I do not think that the Congress of the United States, under the wording of the joint resolution, should sanction the type of regional schools which I think it will be possible to set up under the joint resolution unless certain protecting amendments are added.

My first point is, Mr. President, that I see no necessity for the compact in order to accomplish the end which the Southern States have in mind if their primary objective is to provide regional schools. I know of no legal impediments to their setting up regional schools. I know of no legal requirements that makes it necessary for them to first secure the approval of Congress.

The second point I wish to make is that it is my good-faith opinion that the compact, if approved by the Congress of the United States, will strengthen the cause of segregation in this country. I cannot vote for the joint resolution in its present form because I am satisfied that irrespective of what the express intention may be on the part of the proponents of the joint resolution, litigation in the whole field of civil rights is bound to arise from time to time in the courts of America, and what the Congress of the United States does on any particular piece of legislation is bound to have great influence upon any court in determining what public policy shall be within the meaning of existing law and the Constitution.

I am not one who ever ignores the fact that public policy is at least interpreted, and in a sense developed, by the courts of America from the terminology of statutes and resolutions passed by Congress. I would even go so far as to say, Mr. President, that within the judicial function itself it is proper and

legitimate for the courts to take into account the flexibility of the Constitution in adjusting to changes in social mores and public policy as recognized and formulated by the Congress. In fact I think the Constitution's great strength is its dynamics. By that I mean its flexibility so that it can be interpreted, and properly so, in accordance with the new problems and new policies of each new era of our national life.

I think the history of the decisions of the United States Supreme Court are filled with examples of the Court adjusting the Constitution to the mores of a given generation. Such judicial adjustments of the Constitution to an ever-changing American society come about slowly, and rightly so, in the interest of stability of government by law. I think that is a perfectly proper and legitimate exercise of the judicial function. But the important thing to remember is that our Constitution is a dynamic and not a static document. The recent decision on real-estate covenants proves my point. It is a dynamic document because our forefathers were so far-seeing and so wise and so learned in their understanding of the relationship between the law and a progressing society. They so framed the Constitution of the United States as to include within it great flexible terms rich in their meaning and adjustable to new social conditions, new emergencies, and new crises as they developed from time to time. That explains, in my opinion, why the Supreme Court has, after all, been the great balancing power, the great stabilizer in American democracy. It has recognized the importance of change through law. We should not forget that judicial interpretations make law, too. The flexibility of the Constitution is one reason why it has been unnecessary to add very many amendments to the Constitution as we have proceeded in the development of our country down through the decades.

Such phrases as "due process," and "equal protection of the laws," both legal concepts inherent in any discussion of this broad field of civil rights, are so flexible in their meaning and their adaptability that I am satisfied that the Constitution for many years to come will be adjustable to new crises as they arise in this country over civil rights without the necessity of a great many amendments thereto.

But I say in applying this point of view of constitutional law, Mr. President, to the problem pending before the Senate, that what we do as a Congress in sanctioning the contents of this compact is bound to have its effect on the interpretation of the law by the courts of the country. It will have a direct bearing upon court interpretations of congressional intent as to public policy on segregation. I can just hear learned counsel in the Supreme Court of the United States when cases reach there arising out of the problems which, in my judgment, will be created by this compact, arguing persuasively and maybe effectively, that the sanctioning of this compact by Congress, if we adopt this compact, justifies the court in holding that segregation in

regional schools would be consistent with sound public policy as expressed by Congress. I think that the decision of *Missouri ex rel. Gaines* against Canada to the extent that it sanctions segregation in State schools should not be extended to regional schools. I think that decision should be expanded to meet new social problems which are going to develop over the years in the field of civil rights. I think, as the struggle for putting into practice what I think are the clear guarantees of the Constitution as to civil rights becomes more crystallized in public opinion in America the people of the country will insist upon a public policy that denies the application of the principle of segregation to a citizen's legal relations with government.

So I say, under the second point, that I feel that the sanctioning of the compact by the Congress will set back the cause of civil rights. I think it will have the tendency to prevent us from progressing as rapidly as I think we ought to progress in the field of giving full protection to the civil rights of all people in the country. Of course I recognize there are honest and good-faith differences in points of view on this subject, but I happen to belong to that school of thought in America which believes that segregation cannot be reconciled with civil rights as intended under our Constitution. I call it one of the basic tenets of constitutional liberalism. I hope and trust and believe that in due course of time the Supreme Court of the United States, under an appropriate set of facts, with issues properly joined, will so decide.

I rise to oppose the compact, because I believe, Mr. President, that underlying it is the hope, at least on the part of some, that it may be used as a legal instrumentality for perpetuating segregation for a period of time beyond what otherwise it will be perpetuated if we do not sanction the compact. As I read it and study its history and analyze it in light of *Missouri ex rel. Gaines* against Canada, I reach the conclusion that there are some who see through this compact a legal opportunity for seeking to meet the segregation problem in the field of higher education by way of the establishment of regional schools on a basis of racial discrimination.

That leads me to my third point. Certainly in the field of higher education, certainly when we are dealing with adult minds searching for the truth, seeking to make new scientific discoveries through the research laboratories and classrooms of our institutions of higher learning, we ought to be willing to agree now that we have reached that stage in our advance toward the ultimate objective of putting civil rights into practice according to their true meanings under our Constitution to do away with segregation in our universities. At least we should not even indirectly give congressional sanction to the establishment of a public policy of segregation. We should be willing to say that a majority of the Congress of the United States, in May 1948, will not put its stamp of approval on any compact which would permit the establishment with Federal sanction of schools

based upon discrimination because of race, color, or creed.

Because I fear that this compact in its present terms would aid the cause of discrimination and set back the cause of nondiscrimination, I am urging the amendment which I am about to offer.

I think my record is clear. In the face of much criticism from time to time I have told groups in America who want to progress too rapidly in the field of this very serious racial problem which confronts America that we cannot make progress by way of a social avalanche. We cannot solve the problems of civil rights overnight. It will require social conditioning through the forces of education over the years to bring our people to the realization that the racial problem is inherently bound up in the great fight for freedom which is taking place all over the world. That fight will not be completely won in America until we start by specific action to give to minority groups full protection of their civil rights, which many of them, including the colored race, do not now enjoy.

Rather than sanction this compact, I think the Congress ought to indicate that it is ready to take what I think is a very reasonable step, a minimum step, a proper step, by saying that if any group of States wishes us as a Congress to sanction any regional school program which they wish to adopt, there are certain basic principles of civil rights which they must guarantee in their compact before we will sanction it.

As I read the compact and as I read the suggested amendments to the compact—save and except the amendments submitted by the Senator from New York [Mr. Ives], with which amendments I find myself in complete accord—I do not believe that the other suggested amendments come to grips with unequivocal clearness on segregation. I think we are entitled on this issue to have a clear-cut statement in the compact against discrimination because of race, color, or creed.

I want to move beyond Missouri *ex rel. Gaines* against Canada. I want to move beyond *Sipuel* against Board of Regents. I want to move now into that legal issue which I think the time has come to establish by way of precedent—that discrimination in institutions of higher learning in this country on the ground of race, color, or creed is disapproved by the Congress of the United States as a matter of national policy. I think we should make clear in our action on this compact that it is the conviction of the majority of Congress that such discrimination cannot be squared with the civil-rights guarantees in the Constitution. This compact, in fact, should be looked upon by the Congress as introducing for full debate all phases of civil-rights legislation.

I know that meeting major issues such as this is never pleasant. The history of the Congress of the United States from the time of our beginning shows that historic battles have been fought on the floor of the United States Senate, giving true life and meaning to the great guarantees of individual liberty and civil rights under the Constitution. Honest men, men in good faith—just as in this instance—have differed and will con-

tinue to differ over the true meaning of American democracy as guaranteed in the Constitution.

We are walking across the congressional stage for only a few years, Mr. President, but this great fight to give to all the people of our country equal rights, so far as their legal relations to government under the Constitution are concerned, is a fight which is going on until it is won. Freemen will forever struggle to see to it that those rights are made available to their brethren as long as we have freedom in this country. Of course, if we ever lose the basic spiritual motivation of the Constitution itself, the situation will be different. After all, the Constitution is but a byproduct of the Declaration of Independence, which was phrased in terms of the spiritual values of individual rights. I submit that our Constitution is based upon the Christian teaching that all men are equal in the eyes of the Creator. That is the essence of constitutional liberalism in America. Therefore, if we are to preserve democracy in this country over the years, we must eventually come to the type of decision for which I am pleading this afternoon.

Hence because I think this compact cannot be reconciled with the principles of democracy for which I am pleading, and because I think it could be used, and would be used, by able lawyers to set back the great cause of human freedom, I cannot vote for it in its present form. I submit that no matter by what language forms an attempt is made to rationalize out of this compact the issue of civil rights in America, the joint resolution raises it on the floor of the Senate just as much as an FEPC bill, an antilynching bill, an anti-poll-tax bill, or any other of the so-called civil-rights bills within the President's civil-rights program would raise the issue. I think we ought to vote on it knowing full well that no verbal dressing can ignore the fact that, if we sanction this compact, we indirectly, at least, in my opinion, sanction segregation.

So I suggest that there be added, after the word "America", in line 7, on page 2, of this joint resolution, the following—

Mr. HOLLAND. Mr. President, will the Senator yield to me?

Mr. MORSE. I shall yield as soon as I complete my main statement.

Mr. President, as I was about to state, I suggest that there be added to the joint resolution, on page 2, in line 7, after the word "America", the following language:

Provided, That any regional school established under this compact shall not apply to any student registration qualifications based upon a discrimination because of race, color, or creed: *Provided further*, That any regional school established under this compact shall maintain standards of education which comply with the minimum standards required for approved rating by the standard accrediting agencies of higher education in the United States.

By standard accrediting agencies I mean such agencies as the Association of American Universities.

Mr. President, I offer this amendment because it certainly raises, as clearly as

I can raise it, the issue as to whether the Congress of the United States will sanction a compact which, without the inclusion of this precise language, might permit, under the compact, the establishment of regional schools with approval of the Federal Government, which might be limited to Negroes or to any other minority group, or which might permit the setting up of standards which do not meet the minimum standards for higher education in accredited institutions, as such standards are set forth from time to time by the Association of American Universities.

Mr. WILEY. Mr. President, will the Senator yield to me?

Mr. MORSE. I shall yield to the Senator in just a moment.

Mr. President, if the Southern States wish to have the sanction of the Federal Government for this compact—even in view of the first point I made, which is that I see no necessity for the compact if the Southern States wish to proceed on their own in establishing regional schools and taking their chances in the courts on the question whether those regional schools, set up under whatever standards they see fit to set them up under, violate the Constitution, then I think they should agree to my amendment. As they are not willing to accept it, then I think we should face the entire question of civil rights, which, I think, is raised by this compact.

Now I yield to the Senator from Florida.

Mr. HOLLAND. I thank the Senator for yielding to me.

I understood him to say that he would not favor having the Congress give its approval to this compact because in his judgment that would result in giving congressional approval to the continuation of segregation in education.

I wonder how the Senator feels about having Congress give its approval to appropriations for Howard University, particularly the appropriation of more than \$4,000,000 of Federal funds for it for the present fiscal year. That is an appropriation with which I am wholeheartedly in accord, but it is for the maintenance of segregated education. So I should like to know how the Senator from Oregon justifies his support of that appropriation.

Mr. MORSE. Mr. President, I am pleased to inform the Senator from Florida that Howard University is not a segregated institution, but that it admits white students. At the present time it has white students in its law school, so I am informed. At least I understand that white students are not excluded from Howard University. There are a number of them in attendance there. Furthermore, I wish to say this—and I do so on the assumption that the Senator from Florida could find some school in aid of which Federal money is appropriated, and in which a principle of segregation is applied that I am opposed to any extension of such a program. I think I can help the Senator on that point by mentioning a type of school to which probably Federal money goes even though there is segregation; I think some of the money which goes to the States, by means of

the Smith-Hughes Act, for the benefit of high schools throughout the country, goes to schools in which there is segregation: All I can say to the Senator on that point is that I think it becomes a matter of degree. I do not like segregation, wherever I find it in the school systems of this country, but I do not think it would be appropriate for me to take the position that long-established appropriation policies in connection with giving aid to the agricultural schools of the South, for instance, should be voted against by the junior Senator from Oregon simply because he does not like the fact that a program of segregation is followed in those schools. I do not think that this problem should be attacked indirectly through appropriations. Further I would say that today the Senator from Florida is asking the junior Senator from Oregon to vote in the first instance for what will constitute a new precedent in this field of racial problems. I think it is quite proper, consistent, and logical for the junior Senator from Oregon to take the position that when called upon now to establish a new policy—as I honestly believe one would be established under this compact—inasmuch as I believe, as I do, on this subject of civil rights, I should oppose this compact unless the amendments I have offered to it are included in it.

Now I yield to the Senator from Wisconsin.

Mr. WILEY. Mr. President, I together with the Senator from Rhode Island [Mr. McGRATH] constituted the two members of the subcommittee which took the evidence in this case. I wish at those hearings we had had the benefit of the advice of the distinguished Senator from Oregon who has just spoken, and also that of the distinguished junior Senator from New York [Mr. IVES].

At the appropriate time I shall have something to say in regard to this particular measure.

I rise at this time to pose a question to the distinguished Senator from Oregon. To my mind there is no doubt that the Congress of the United States can impose a condition upon a compact of this kind, but certainly we must make sure that any such condition in itself is constitutional.

As is set forth in the printed record in this case, there are 16 States which have constitutional provisions relative to segregation. If I correctly understood the decisions of the Supreme Court of the United States on this subject, up to the present time that Court has held that segregation is constitutional if there is equality.

Until recently we in the Congress have considered education to be a matter for local decision. That was my point of view until during the last World War it was found that 1,200,000 of our young men were not qualified to serve in the armed forces because they had not passed the fourth grade in school. Until that fact was known, I had felt that education was 100 percent a matter for decision in the local communities. But when that fact became apparent, I felt

there was a Federal issue, a Federal equation in the matter. So I voted for the Taft bill.

This matter raises another problem, and it is in this connection that I have referred to the 16 Commonwealths which have constitutional provisions relative to segregation. Of course, those States basically have a right to determine the educational processes which shall apply within their own territory, so long as they do not run contrary to the constitutional rights of citizens of the United States. As I have said, those States have in their constitutions, their basic laws, provisions for segregation. I have already stated that in a number of cases the Supreme Court has held, as I believe, that such segregation provisions are constitutional, provided there is equality.

If the Senator will pardon me for a moment, I want to say I am not in favor of segregation. I listened with interest and profit to everything the Senator said. I honor him for his earnest and sincere conviction. But this afternoon we were discussing on the floor the world picture. We were talking about a solution of the over-all problem, about changing, or not changing, the Charter of the United Nations. It seems to me, Mr. President, that despite what may be said about mechanisms, unless the heart and spirit of the individual are in harmony with the Golden Rule, the mechanisms do not accomplish the desired result.

In the Southland, there is a problem. The South has not, since the Civil War, had the benefit of a program such as ERP. I know there are many inequalities. The representatives of the 16 commonwealths came before our committee. Neither he nor the Senator from New York lent us any assistance. We listened to testimony of both sides. I have before me a stack of about 400 or 500 letters, some of which came from colored people of Africa, some from students of Meharry College, requesting that the compact be approved. I may say that we, of the North, in spite of our pretensions and our talk about nonsegregation, do not live it. The Senator from Michigan spoke of 16 colored students in a university having a student body of 20,000, as if that proved the nonexistence of segregation. But look at the other 86 universities in the North. We had better clean our own skirts.

Mr. President, I am off the question, but I shall return to it. The governors and other representatives of the South feel that their combined economic strength can give educational facilities to both white and colored students such as the students could not obtain otherwise.

There was written into the pending measure, on a suggestion that came, I think, from a Negro professor in Howard University, a provision to the effect that the consent of Congress to the compact should in no way be considered as an endorsement of segregation in education, and providing that the planning, acquisition, establishment, and operation of

educational institutions, under the compact entered into February 8, 1948, should not be in conflict with the Constitution of the United States. That amendment was adopted by the committee, Mr. President, because the argument was advanced, probably not so aptly as here, that the measure would perpetuate segregation. In my humble opinion, if the joint resolution is not passed 500 earnest students at Meharry College will be thrown into the streets, and another blow will be dealt the South.

I have no reason to be particularly grateful to Senators who threw out my St. Lawrence seaway project, and who are now after my butter and almost everything else; but I think I am able to overlook such things, if I see merit in a proposition. Every time a great constructive program comes before the Senate, there are those who oppose it. That is no reflection on my distinguished friend from Oregon.

But I return to the question, which is based on the true assumption that 16 States have constitutional provisions permitting segregation, that the Supreme Court of the United States has not overruled those provisions, and that they are the law of the land. It has just been stated that when a school is opened for white students, the same opportunity must be given to colored students. In the State of Florida there are no medical schools, hence colored students cannot look to the State for medical education. But they, thank God, can look to Meharry College. They can go there as long as it remains open. Historically, Meharry College was established as a private Methodist institution. Funds with which to continue its operation are no longer in sight.

Colored professors appeared before the committee pleading for this legislation. I could read heart-rending letters from the students at Meharry College and elsewhere. The question I would ask is, Under the facts, as I have shown them to be, can we constitutionally impose the condition set forth in the House joint resolution?

I thank the Senator for permitting me to conclude what I had to say.

Mr. MORSE. Mr. President, I shall answer the Senator's question, but before doing so, I am sure he will agree it is entirely proper for me to make some further remarks. The Senator did much more than ask a question. He raised many other points that I must not permit to go unanswered.

The first point on which I want to comment is a kindly suggestion of his which I appreciate, and which I am sure my friend the Senator from New York [Mr. IVES] appreciates. He suggests that we would have been most welcome had we appeared before the Judiciary Committee in connection with the resolution when it was in the committee. I am sure my friend from Wisconsin does not want to leave in the Record even an implication that because we did not appear before his committee on this matter, we are now estopped from presenting our point of view on the floor of the Senate.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. IVES. I should like to point out to the able Senator from Oregon that the sentiment which he is now expressing represents exactly my feeling in the matter. I do not know why the junior Senator from New York should be expected to appear at a hearing on a bill of this nature.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. IVES. The Senator from Oregon has the floor.

Mr. MORSE. I suggest the Senator from New York finish his statement.

Mr. IVES. I simply want to point out, following the thought expressed by the Senator from Oregon, that I would reserve my right to consider this legislation when it appeared on the floor, as it has now done. There is much legislation in the Senate in which I have a distinct interest, but as to which it would be physically impossible for me to appear at all the hearings. That applies to the pending measure.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, before I yield further, I want to add to this point that the Senator from New York expresses also my view. I want to point out to my good friend from Wisconsin that I daresay if I started to give him an examination now on legislation pending, even before the committees of which I am a member, to say nothing about other committees of which neither he nor I are members, that he would fail that examination. If I asked him to list the bills that are pending before those committees he could not name many. He knows no more about scores of those bills than I. I want the record to show that I did not know that this compact was pending before the Senator's committee. I did not know of it until it reached the floor of the Senate. The same is true, of course, of each and every Member of this body, with respect to scores of bills.

I did not have the opportunity, as a result of my own lack of knowledge that the compact was pending before the Senator's committee, of testifying before the committee. Furthermore, as the Senator from New York has pointed out we cannot begin to appear before all the committees to testify on all bills that may be pending before them, on which we have very definite opinions.

Furthermore, I want to say good naturedly to my good friend from Wisconsin that my confidence in him as chairman of the Judiciary Committee was so complete that, had I known the compact was pending before his committee, I would not have asked to testify on it because I would have been certain that he would never bring to the Senate a favorable report on the compact.

I am at a loss to understand my good friend from Wisconsin. I do not understand how this compact won his approval, but I know that he has reached an honest judgment on it, though, I think, an ill-advised one. I think he is overlooking the fundamental problems involved in the compact.

Now, Mr. President, to answer the specific question—

Mr. WILEY. Mr. President, will the Senator yield?

Mr. MORSE. I shall be glad to yield.

Mr. WILEY. I should like to clear up one particular point. I do not see how it is possible that the distinguished Senators interpreted my remarks as a criticism of their failure to appear before the committee. I know how well they like to talk on this floor, how well they like to raise constitutional questions, and how well they represent their constituents. I assure them that there was no thought on my part of suggesting any failure on their part. It was rather that I regretted that I could not have had the benefit of their judgment and that of the distinguished chairman of the Democratic Party [Mr. McGRATH] before the subcommittee. If they had appeared we might have avoided this argument. But I do not think that would be desirable.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. IVES. I merely want to reply to the statement of the Senator from Wisconsin regarding the raising of constitutional questions on the floor. The junior Senator from New York is at a great disadvantage in not being a member of the legal profession. Far be it from him to raise any constitutional questions.

Mr. WILEY. I do not think there is any constitutional inhibition in the Senator from New York. I think he has raised a very fine question in his amendment, and that, together with the suggested amendment of the distinguished Senator from Oregon, poses a very interesting legal question which I will now ask the Senator from Oregon to clear up.

Mr. MORSE. First, Mr. President, I want to say in regard to the friendly comment which my colleague from Wisconsin made regarding the fact that the Senator from New York and the Senator from Oregon seemed to enjoy making speeches on the floor of the Senate, that, speaking for myself, I early found, after coming to the Senate, that the best place for me to present my point of view, if it should receive consideration on its merits, was on the floor of the Senate. So long as the junior Senator from Oregon finds himself in the particular position which he occupies within the party organization of the Senate, he will always press his point of view on the floor of the Senate, whenever he thinks it needs to be called to the attention of the people of this country.

To reply to the Senator's question, I started to say that, assuming congressional sanction of the compact is necessary—and I deny that assumption—it must be necessary because some Federal issue is involved. It must be the theory of the proponents that some Federal prerogative is involved, some Federal right or question of constitutional law is involved. It must be that they think that the States would not be allowed, under existing law, to proceed without Federal approval. If that assumption is to be granted for the sake of argument, then I say, Mr. President, assuming a Federal

jurisdiction, there is nothing unconstitutional in laying down as a condition to such a compact the provision that there shall be no discrimination on the basis of race, color, or creed. Rather, to the contrary, Mr. President, it is my view as a lawyer that if that assumption is to be granted and congressional approval is necessary, we would violate the Constitution by not laying down a requirement of no discrimination on the basis of race, color, or creed, because the Missouri case and the Oklahoma case are based entirely upon State jurisdiction. They rest upon interpretations of State laws, upon a State system of jurisprudence, and upon the application of the equal protection of the laws and the due process clause to State laws. If we have to have Federal approval for the establishment of a regional school covering an area which extends beyond the boundaries of a State, then, Mr. President, the courts would be faced entirely with Federal law and the constitutional rights which apply on a Nation-wide basis.

As our constitutional law has developed in this country in the whole field of civil rights we see that up to this time there has been some distinction drawn by the courts between what a State can do and what the Federal Government can do.

My specific reply to the Senator from Wisconsin is that if it be necessary to have Federal approval of the compact, then the Federal laws in regard to civil rights, as the Constitution is applied to the Nation as a whole, would apply. I think, assuming the Senator's premise to be correct, that a failure to put in a nondiscriminatory clause would itself be unjustifiable. As chairman of the Committee on the Judiciary he must, in my judgment, either take the position that congressional approval of the compact is not necessary; and if it is not necessary, then let the States proceed in their own way, subject to the gradual litigation of the problem from year to year, as the questions of civil rights go to the courts; or he must take the position that Federal sanction is necessary. If Federal sanction is necessary, then, as far as a sound national policy is concerned, we are duty bound to lay down a principle of nondiscrimination.

The PRESIDING OFFICER. The question before the Senate is on agreeing to the amendment offered by the Senator from New York [Mr. IVES].

Mr. WILEY and Mr. TAYLOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. WILEY. Mr. President, if I correctly understood the reply of my good friend from Oregon—and I am not sure that I did—it was that in the case of any Federal or interstate compact the Federal Government could impose any condition whatsoever. That is not the law of the land. The law is that the condition must be constitutional. The Senator further said that the condition could be imposed that white persons and colored persons should be treated alike, equally. That is the decision of the

Court. But whether the Court would then say that two schools could not be constructed, I do not know. I do not know what the Supreme Court would say as to that, in view of the fact that education is a local matter and has been so held. We never thought otherwise until we found out that there was a national interest, due to the failure of certain men in the last conflict to measure up to certain standards.

In view of the fact that the hour is late, in view of the fact that I personally feel that the subject cannot be disposed of quickly, now that this very interesting question has been raised, and in view of the further fact that I have to take a train in the course of the next hour, I shall ask that the acting majority leader let the joint resolution go over. But before that request is made, I want to place certain matters into the RECORD, because I cannot neglect my obligation to the appeal of some of my colored brothers who see this question in but one way, although like most issues debated in this distinguished body, there are two sides.

I have before me, Mr. President, many letters which have come from interested boys and girls who fear their education will be stopped half way. They are entitled to some consideration. In the Meharry institution in Tennessee the education of 500 or 600 students will be brought to an end unless it is continued. The only way it will be continued is for the Southern States, under this compact, to join their economic strength to keep alive that institution. Meharry College was not built by the Southern States to avoid the constitutional rights of any of the colored people. It was built by the Methodists of this land for the colored people, and it is interesting to note that more colored people from the North attend Meharry, as I recall the record, than from the South.

I have in front of me a letter dated April 20, which I shall ask to have printed in the RECORD at this point. It comes from the Gold Coast in Africa.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HIS MAJESTY'S CUSTOMS,

POST OFFICE BOX 54, TAKORADI,

Gold Coast, West Africa, April 20, 1948.

DEAR SIR: It is the desire to help my fellow men and the ambition to explore the world of medicine that urge me to send you this letter.

For many a long year have I wished to become a medical doctor, not for the honor attached to the profession, but for the satisfaction I hope to derive from healing mankind.

To make my hopes and dreams become real, I have written to the Meharry Medical College for assistance. Yet, though I am ambitious and determined, my weak financial status almost refutes my desire to attain any height in learning. But so confident I am in the dictum, "Where there is a will, there is a way," that I wrote to Meharry for financial aid.

Meharry, like a good mother, did not discard my desires. She expressed the willingness to help me, but how? Her funds, I am informed, are running out and must needs get succor from some source of hope, the Southern Regional Council for Education.

Still, while this beacon of hope is in sight, the sanction of the Congress is needed to reach it.

As a prospective student of Meharry, as a future mender of men's bodies, and as a young aspirant in the field of medical science for the progress of the world at large, I wish to solicit your goodness and benevolence to sanction the compact for funds by passing the Senate Joint Resolution 191.

I do not wish to dictate to you, nor is it my desire to impress you with my viewpoint. I am only praying for help. I am certain that when Meharry continues to operate and I am admitted, I shall be counted an invaluable asset to mankind.

I am determined but I need help. I am willing but I want your sanction of the compact. I am ready but I require your push. I have strong presentiments of object failure in life and wholesale bankruptcy if Meharry fails me. In short, I shall be a nonentity in the world and a burden to my neighbors, the direct opposite of my ambitions, if I do not have even the chance to attend Meharry.

I therefore most humbly request your good-naturedness to aid Meharry. Though I am not American by birth, yet my ambition knows no barrier and I am therefore only anxious to help human beings no matter their color, creed, race or class.

I have now to draw to a close; but may I express the sanguine hope that I shall soon be able to avail myself of your goodness through the Meharry Medical College.

With many thanks, I remain,

Very truly yours,

A. K. GAITUAH.

Mr. WILEY. Mr. President, I have another letter signed J. Vanderpuye, care His Majesty's Customs, post office box 68, Accra, Gold Coast, West Africa. It is addressed to me, and the writer says:

CARE OF HIS MAJESTY'S CUSTOMS,

POST OFFICE BOX 68, ACCRA,

Gold Coast, West Africa, April 21, 1948.

Senator ALEXANDER WILEY,

Washington, D. C.

DEAR SIR: It is with the feeling of the greatest concern in the future of Meharry that I have today taken up my pen to address you.

I understand from reliable sources that Meharry, a medical college of great repute in these parts of West Africa, and an institution of health I most highly cherish, is now standing on her last legs financially. This is a very serious affair indeed as far as I am concerned, not to mention what anxious moments this distressing news is giving to friends and intending students of Meharry in the Gold Coast, Liberia, and Nigeria.

But it is with mixed feelings of regret and hope that I write to you today. Regret, that this state of affairs should ever at all exist in a college which I am even now preparing to enter as a student; hope, that with the situation well in your hands, students and well-wishers of Meharry should have no cause to fear, I address you as the only man in whom the safety of Meharry lies in her present plight.

Financial support from the southern regional council for education is Meharry's only hope. The sanction of Congress is necessary to make this support a reality. Your duty as a Senator in this matter is, therefore, plain and simple, to go all out to effect the passage of Senate Joint Resolution 191, which sets a seal to the compact. The eyes of West Africa are now on you, and in discharging your onerous duty, I would only ask you to remember that the collapse of Meharry means a stunning blow to the Negro world, not to mention a personal calamity.

I implore you most earnestly, therefore, to do your duty by the Negro world. You will then have yourself to congratulate on the

success of this venture of historic import which alone is your enviable reward without mentioning the Te Deum which posterity will sing in your praise.

May God help you. Long live Meharry. Thanking you in anticipation, I am,

Yours faithfully,

J. VANDERPUYE.

Mr. President, I have here a letter that comes from Robert C. Cornell, Nashville, Tenn., dated April 12. He says:

As a sophomore dental student of Meharry Medical College, I wish to set forth my reasons why I am for the regional plan, or the bill known as Senate Joint Resolution 191:

1. It will give the States concerned a chance to show their good faith in the education of so many thousands of people who are in dire need of same.
2. It will allow many thousands of people who belong to the minority groups to receive a more just return for their tax money.
3. Failure to pass said bill will not end segregation in education.

That is quite a point—that failure to pass the joint resolution will not end segregation in education.

I wish my colleagues who are opposing this beneficial measure will take that as an issue. If we do not pass the joint resolution, what do we do? We create chaos; we interfere with the joint efforts of the southern blacks and whites. Sixteen States are in this effort. They belong to this great Nation.

Mr. CONNALLY. Mr. President, will the Senator from Wisconsin yield?

Mr. WILEY. I yield.

Mr. CONNALLY. Is not this an effort—a sincere and aggressive effort—of the people of these 16 States to advance the cause of education among these people who it is said are being segregated? We are trying to advance and spread education and knowledge by combining the resources and abilities of these States in order to provide equal educational opportunities for the colored with the white.

Mr. WILEY. If I did not think that this was an honest effort—a sincere effort—a combining of the hearts as well as the minds and the economy of 16 States to better the conditions in those 16 States, I would not be for it. I wish to say that if I could I would lay down my own life to eradicate the differences which exist between races, not only in this country, but which have been the source of war through the centuries everywhere—conditions such as obtain in Europe today. It would not be anything to lay down one's life if he could accomplish the eradication of these conditions.

The letter continues:

4. Passing of bill will not as such end the struggle for freedom in education.

Here is a colored person analyzing the facts and getting at the truth about which the distinguished Senator from Oregon spoke so ardently. The truth will make men free. It cannot be secured by law or by failure to pass a law, but laws can be vehicles, and have been such vehicles.

5. A failure to pass the bill will deny many veterans a chance to continue their education.

(a) Needless to say that one of the things, no doubt, they had in mind while fighting, was to return home and find many doors of opportunity open.

(b) In good faith many of these doors can be opened through the regional plan of education.

6. Meharry, which is the first unit in the regional plan, will be dealt a death blow by failure to pass the bill.

7. Millions of Negro people are depending upon Meharry's existence for their education, health, and happiness.

8. Failure to pass the bill would mean sure closure of Meharry, but closure would not mean assurance that its large student body (about one-half the entire Negro medical students of America) would be able to complete their courses, take their places in society, and at the same time render their people a much-needed medical service.

Note that one-half of the entire Negro medical students of America are attending Meharry College.

I wish to interject here that those who talk about nonsegregation will have the responsibility. What is to be done with these 200 or 300 Negro boys? Are the universities of the North to be opened up to them? That has not been done, though much has been said about it. I am for it. The responsibility will be on those who oppose this joint resolution if they stop 500 Negro boys in medical and dental schools from getting the education to which they are entitled if, as this boy says, it is just the beginning of what he hopes will be a better system of education for all concerned.

9. Last but not least, when the monster of segregation in education is slain, Meharry can still take her place among the leading educational institutions of America.

On the basis of these facts I heartily support the regional plan.

Respectfully yours,

ROBERT C. CORNELL.

This young man's address is 1720 Scovel Street, Nashville 8, Tenn. The letter is dated April 12, 1948.

These letters are from the types of colored boys who would be prevented from getting the benefit of the type of education represented by the schools which would be affected by the joint resolution now pending, and this is the kind of institution that will be put out of business, which might be the opening wedge of an adventure in education which might mean doing away with segregation.

I should like to ascertain what the wishes of the acting majority leader are.

Mr. WHERRY. I will say, Mr. President, that it is my conviction that the joint resolution now under consideration cannot be acted upon tonight. I make that statement after having canvassed the situation. There are several speeches yet to be made on the subject.

Mr. HOLLAND. Mr. President, with the indulgence of the Senate for a couple of minutes I wish to ask for the insertion in the RECORD of two exhibits from the hearings held by the subcommittee of the Committee on the Judiciary on this subject, because I think Senators will be much more apt to read them in the CONGRESSIONAL RECORD than in this voluminous report.

I first offer for insertion in the RECORD the table appearing on page 45 of the printed hearings, which shows the total number of Negro medical students now

enrolled in all medical schools of the Nation aside from Meharry and Howard.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

The following list of medical schools shows all Negro medical students now enrolled outside of Meharry and Howard:

1. University of Michigan Medical School	18
2. Wayne Medical School	8
3. Evangelists, California	8
4. University of Illinois	7
5. Columbia, College of Pharmacy and Surgery	7
6. New York University Medical College	6
7. Ohio State	5
8. Yale	3
9. University of California	3
10. Washington University	3
11. University of Pittsburgh	3
12. Women's Medical College of Philadelphia	3
13. Loyola Medical College, Chicago	2
14. Long Island Medical College	2
15. Rochester Medical School	2
16. University of Colorado	1
17. University of Indiana	1
18. University of Iowa	1
19. University of Kansas	1
20. University of Pennsylvania	1
21. Harvard	1
Total	86

Mr. HOLLAND. Mr. President, I call the attention of Senators to the fact that that list shows that only 86 Negro medical students are now attending the 21 institutions outside of the South which have any Negro students at all in their medical or dental departments; a total of 86, as compared to between 1,000 and 1,100 in the two institutions, Meharry and Howard.

Then, Mr. President, I ask unanimous consent to have inserted in the RECORD the table on page 40 of the hearings, which shows the schedule of applicants to the Meharry School of Medicine—and the heading should include also the dental school—for 1947 entrance.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Applicants to Meharry's School of Medicine (and Dental School) for 1947 entrance

Region	Accepted applicants	Rejected applicants	Not considered applicants	No action taken	Total
North (premedical training received in nonsegregated schools):					
Connecticut	0	0	1	0	1
Illinois	10	8	12	10	40
Indiana	0	2	8	4	14
Iowa	2	1	0	0	3
Kansas	0	0	3	1	4
Maine	0	0	0	1	1
Massachusetts	0	0	2	0	2
Michigan	4	1	8	2	15
Minnesota	0	2	0	0	2
Missouri	1	4	7	4	16
Nebraska	2	0	0	0	2
New Jersey	1	6	8	5	20
New York	12	18	15	20	65
Ohio	0	7	6	10	23
Pennsylvania	4	10	19	5	38
Total	136	59	89	62	246

14.2 percent accepted.

Applicants to Meharry's School of Medicine (and Dental School) for 1947 entrance—Continued

Region	Accepted applicants	Rejected applicants	Not considered applicants	No action taken	Total
South (premedical training received in segregated schools):					
Alabama	9	0	14	8	31
Arkansas	0	3	7	3	13
Delaware	0	2	1	0	3
District of Columbia	1	8	8	3	20
Florida	4	5	14	9	32
Georgia	8	6	17	10	41
Kentucky	1	5	4	4	14
Louisiana	5	6	10	6	27
Maryland	1	3	5	1	10
Mississippi	3	4	12	2	21
North Carolina	7	6	24	5	42
Oklahoma	1	2	3	1	7
South Carolina	1	8	15	11	35
Tennessee	9	4	13	8	34
Texas	6	9	20	14	49
Virginia	5	7	19	11	42
West Virginia	0	1	4	4	9
Total	61	79	190	100	430
West (70 percent received premedical training in segregated schools):					
Arizona	0	0	2	0	2
California	0	6	1	4	11
Colorado	1	0	1	1	3
New Mexico	1	0	0	0	1
Oregon	0	0	1	2	3
Washington	0	0	1	1	2
Total	2	6	6	8	22
United States possessions:					
Puerto Rico	0	0	1	2	3
Virgin Islands	1	0	0	0	1
Total	1	0	1	2	4
Foreign countries:					
Africa	0	0	1	1	2
British West Indies	3	6	6	5	20
Panama	0	1	0	1	2
South America	0	1	1	1	3
Total	3	8	8	8	27
Grand total	103	152	294	180	729

Mr. HOLLAND. Mr. President, I call the attention of the Senate to the fact that 729 youths applied to Meharry in 1947 for admission, of whom 103 only could be admitted because of the size of their facilities.

I call attention to the fact that 36 of those 103 who were admitted came from the northern region of the Nation; that 61 came from the South, that 2 came from the West, and those 2 would have to be added to the 36 to make 38 from the rest of the Nation as a whole outside of the South; and that 1 came from the Virgin Islands, and 3 from the British West Indies, for a total of 103.

I call attention likewise to the fact that whereas no Negro medical students are shown attending any medical school in the State of Oregon, it is shown in this list of applicants for 1947 entrance at Meharry that three citizens of Oregon applied for entrance there in that one class alone.

I note also that as for the State of New York 65 applicants applied in the year 1947 for admission to Meharry, of whom 12 only could be admitted because of the size of the school, which number of 12 compares with the total number of 17 in the four medical schools located in the State of New York, as shown by

the first list inserted in the RECORD, namely, 7 at Columbia, 6 at New York University, 2 at Long Island Medical College, and 2 at Rochester Medical School.

I call attention to these facts so that Senators may have the opportunity to see for themselves that the destruction of Meharry means just exactly what is stated in the letters placed in the RECORD by the Senator from Wisconsin [Mr. WILEY]; namely, the destruction of opportunity for medical and dental training for a large number of the college youth of the Nation. I want those facts to be in the RECORD of today's debate.

ORDER FOR CALL OF THE CALENDAR ON MONDAY

Mr. WHERRY. Mr. President, preliminary to making a motion to adjourn until Monday next, I now ask unanimous consent that on Monday the Senate proceed to consider the calendar for unobjectioned bills, beginning with Order No. 1211. That is the point at which we left off when the calendar was called the last time.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House insisted upon its amendments to the bill (S. 2277) to amend section 13 of the Surplus Property Act of 1944, as amended, to provide for the disposition of surplus real property to States, political subdivisions, and municipalities for use as public parks, recreational areas, and historic-monument sites, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WADSWORTH, Mr. SNYDER, and Mr. HOLIFIELD were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes.

The message further announced that the House had passed the bill (S. 2287) to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1620) to establish eligibility for burial in national cemeteries, and for other purposes, and it was signed by the President pro tempore.

FIRST DEFICIENCY APPROPRIATION BILL, 1948—CONFERENCE REPORT

Mr. BALL. Mr. President, I submit a conference report on House bill 6055, making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and

for other purposes, and I request unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The conference report will be read.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 50, 52, and 54.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 10, 14, 15, 16, 17, 18, 19, 20, 24, 25, 26, 27, 28, 29, 31, 32, 35, 36, 37, 38, 39, 41, 43, 44, 45, 46, 47, 48, 49, 51, 53, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, and 68, and agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"TEMPORARY CONGRESSIONAL AVIATION POLICY BOARD

"For an additional amount for salaries and expenses for completion of the work of the Temporary Congressional Aviation Policy Board created by the Act to establish a National Aviation Council, and for other purposes (Public Law 287, Eightieth Congress), to be available until June 30, 1948, and to be disbursed by the Secretary of the Senate on vouchers approved by the Chairman, \$5,000: *Provided*, That expenditures hereunder shall be made in accordance with the laws applicable to inquiries and investigations ordered by the Senate."

And the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"OFFICE OF VOCATIONAL REHABILITATION

"Such sums as may be necessary (not exceeding \$4,500,000) are hereby appropriated for making for the first quarter of the fiscal year 1949 payments to States in accordance with the Vocational Rehabilitation Act, as amended (29 U. S. C., ch. 4): *Provided*, That the obligations incurred and expenditures made for such purpose under the authority of this paragraph shall be charged to the appropriation therefor in the Labor-Federal Security Appropriation Act, 1949: *Provided further*, That the payments made pursuant to this paragraph shall not exceed the amount paid to the States for the first quarter of the fiscal year 1948, in accordance with such Vocational Rehabilitation Act,"

And the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$1,555,532"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$970,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amend-

ment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$20,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$262,500"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$1,000,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$1,234,815"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$6,450"; and the Senate agree to the same.

STYLES BRIDGES,
C. WAYLAND BROOKS,
JOSEPH H. BALL,
KENNETH MCKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,

Managers on the Part of the Senate.

JOHN TABER,
R. B. WIGGLESWORTH,
ALBERT J. ENGEL,
KARL STEFAN,
FRANCIS CASE,
FRANK B. KEEFE,
CLARENCE CANNON,
GEORGE MAHON,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. BALL. Mr. President, there were three main amendments which led the Senate to reject the report last week. One of them was in the case of a deficiency appropriation of \$1,850,000 for the unemployment compensation administration grants to States. The House agreed to an amount of \$1,555,532 in lieu of \$1,850,000, and also agreed to release \$698,000, which had been held in reserve to be released if there were an increase in the work. That is a cut of not quite \$300,000, and the conferees were all agreed that that could be absorbed.

In connection with the United States Employment Service item, where the Senate proposed a deficiency appropriation for grants to States of \$2,560,000, the conferees agreed on \$1,234,815 by subtracting from the total in the Senate bill \$1,325,185, which, according to the justifications, was for payments to six States for retroactive State contribution to State retirement funds on behalf of employees who had been in the Federal service for 4 or 5 years during the war, had gone back into State service, and had made a lump payment to the State retirement funds for those 4 or 5 years. This item of one-million-and-three-

hundred-odd-thousand dollars was the State employment contribution to the State retirement fund. It was not disallowed completely, but was deferred for later consideration in a later deficiency bill, because the conferees were not sure that there is any authority in law for a Federal appropriation for that kind of a retroactive contribution.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. HATCH. Is the sum which has now been agreed upon adequate, in the opinion of the conferees on the part of the Senate, to take care of the present situation and continue existing services until such time as permanent legislation is enacted?

Mr. BALL. In the opinion of the conferees on the part of the Senate, it is. I think the Senate conferees were agreed that the amount will take care of the present situation. In the Senate bill the full amount requested was given. As I said, the only thing on which we deferred action was the item for retroactive contribution to a retirement fund, which has nothing to do with continuing the service. In a total of more than \$2,500,000 a cut of only \$300,000 was made, and the conferees were of the opinion that the States would have no trouble absorbing that amount.

The third amendment in controversy was an appropriation for the naval home at Philadelphia, for which the House had allowed \$3,800 and the Senate \$9,100. We compromised for the amount of \$6,450.

Mr. HATCH. Mr. President, will the Senator further yield?

Mr. BALL. I yield.

Mr. HATCH. Does that take care of the situation at the Philadelphia naval home, which was a matter brought up by the senior Senator from Pennsylvania [Mr. MYERS]?

Mr. BALL. It takes care of the situation as well as the Senate conferees could induce the House conferees to agree to take care of it.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. BALL. Mr. President, I ask unanimous consent that the President pro tempore be authorized to sign the enrolled bill during the recess following today's session.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF RECONSTRUCTION FINANCE CORPORATION ACT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2287) to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes, which was to strike out all after the enacting clause and insert:

That section 1 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 1. (a) There is hereby created a body corporate with the name 'Reconstruction Finance Corporation' (herein called the Corporation), with a capital stock of \$100,000,000 subscribed by the United States of America.

Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the Board of Directors. This act may be cited as the 'Reconstruction Finance Corporation Act'.

"(b) Within 6 months after the close of each fiscal year the Corporation shall make a report to the Congress of the United States which shall contain financial statements for the fiscal year, including a balance sheet, a statement of income and expense, and an analysis of accumulated net income. The accumulated net income shall be determined after provision for reasonable reserves for uncollectibility of loans and investments outstanding. Such statements shall be prepared from the financial records of the Corporation which shall be maintained in accordance with generally accepted accounting principles applicable to commercial corporate transactions. The report shall contain schedules showing, as of the close of the fiscal year, each direct loan to any one borrower of \$100,000 or more, each loan to any one borrower of \$100,000 or more in which the Corporation has a participation or an agreement to participate, and the investments in the securities and obligations of any one borrower which total \$100,000 or more. Within six months after the end of each fiscal year, beginning with the fiscal year ended June 30, 1948, the Corporation shall pay over to the Secretary of the Treasury as miscellaneous receipts, a dividend on its capital stock owned by the United States of America, in the amount by which its accumulated net income exceeds \$400,000,000.

"(c) Within sixty days after the effective date of this amendment, the Corporation shall retire all its outstanding capital stock in excess of \$100,000,000 and shall pay to the Treasury as miscellaneous receipts the par value of the stock so retired."

Sec. 2. Section 2 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. The office of director shall be a full-time position. The term of the incumbent directors is hereby extended to June 30, 1950. As of July 1, 1950, two directors shall be appointed for a term of 1 year, two directors shall be appointed for a term of 2 years, and one director shall be appointed for a term of 3 years. Thereafter the term of the directors shall be for a term of 3 years, but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur in the office of director other than by expiration of term, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. After the confirmation of the directors by the Senate, the President shall designate one of the directors to serve as chairman for a period coextensive with his term as director. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum."

Sec. 3. Section 3 (a) of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 3. (a) The Corporation shall have succession through June 30, 1952, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to

sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this act or in the Government Corporation Control Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this act and the manner in which they shall be incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public lands, and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition. The Corporation shall also be entitled to the use of the United States mails in the same manner as the executive departments of the Government. Debts due the Corporation, whether heretofore or hereafter arising, shall not be entitled to the priority available to the United States pursuant to section 3466 of the Revised Statutes (U. S. C., title 31, sec. 191) except that the Corporation shall be entitled to such priority with respect to debts arising from any transaction pursuant to any of the following acts or provisions in effect at any time: Sections 5d (1) and 5d (2) of the Reconstruction Finance Corporation Act added by section 5 of the act entitled 'An act to authorize the purchase by the Reconstruction Finance Corporation of stock of Federal home-loan banks; to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes', approved June 25, 1940 (54 Stat. 573); sections 4 (f) and 9 of the act entitled 'An act to mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for other purposes', approved June 11, 1942 (56 Stat. 354, 356); section 2 (e) of the Emergency Price Control Act of 1942 (56 Stat. 26); the Surplus Property Act of 1944 (58 Stat. 765 and the following): sections 11 and 12 of the Veterans' Emergency Housing Act of 1946 (60 Stat. 214, 215); and section 403 of the Sixth Supplemental National Defense Appropriation Act (56 Stat. 245)."

Sec. 4. Section 4 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 4. (a) To aid in financing agriculture, commerce, and industry, to encourage small business, to help in maintaining the economic stability of the country, and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) to purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads engaged in interstate commerce or air carriers, engaged in air transportation as defined in the Civil Aeronautics Act of 1938, as amended, or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of such railroads or air carriers which are not in receivership or trusteeship, the Commission or

the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) to make loans to any financial institution organized under the laws of any State or of the United States.

"(3) in order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, 'public agencies', which term shall include the following: (A) States, municipalities, and political subdivisions of States; (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects, nor for the acquisition or construction, by any such public agency, of any property or facility for the production, sale or supply of any commodity, product or service, if any private person, firm, or corporation is then actively engaged in the production, distribution or supply of the same commodity, product, or service in the same area;

"(4) to make such loans as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) The powers granted in section 4 (a) of this act shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(2) No loan, including renewals or extensions thereof, may be made under sections 4 (a) (1), (2), and (4) for a period or periods exceeding 10 years and no securities or obligations maturing more than 10 years from date of purchase by the Corporation may be purchased thereunder: *Provided*, That the foregoing restriction on maturities shall not apply to securities or obligations received by the Corporation as a claimant in bankruptcy or equitable reorganization or as a creditor in proceedings under section 20 (b) of the Interstate Commerce Act, as amended: *Provided further*, That any loan made or securities and obligations purchased prior to July 1, 1947, may in aid of orderly liquidation thereof or the interest of national security, be renewed or the maturity extended for such period not in excess of 10 years and upon such terms as the Corporation may determine: *Provided further*, That any loan made under section 4 (a) (1) for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction. The Corporation may, in carrying out the provisions of subsection 4 (a) (3), purchase securities and obligations, or make loans, including renewals or extensions thereof, with maturity dates not in excess of 40 years, as the Corporation may determine.

"(3) In agreements to participate in loans, wherein the Corporation's disbursements are

deferred, such participations by the Corporation shall be limited to 75 percent of the balance of the loan outstanding at the time of the disbursement.

"(c) The total amount of investments, loans, purchases, and commitments made subsequent to June 30, 1947, pursuant to section 4 shall not exceed \$1,500,000,000 outstanding at any one time: *Provided*, That the aggregate amount outstanding at any time shall not exceed under subsection (a) (4) \$25,000,000 and for construction purposes under subsection (a) (3) \$200,000,000.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section 4 shall terminate at the close of business on June 30, 1950, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this act, the term 'State' includes the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands."

Sec. 5. Effective as of midnight June 30, 1947, the first sentence of section 8 of the Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows: "The Corporation, including its franchise, capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed."

Sec. 6. Subsection (m) of section 206 of title II of the joint resolution entitled "Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation," approved June 30, 1947 (Public Law 132, 80th Cong.) is amended to read as follows:

"(m) The first section and sections 2, 3, 9, 11, and 13 of the act approved January 31, 1935 (49 Stat. 1), as amended."

Sec. 7. Section 208 of title II of the joint resolution entitled "Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation," approved June 30, 1947 (Public Law 132, 80th Cong.), is amended to read as follows:

"Sec. 208. (a) The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such act, as amended, and disposals to veterans under section 16 of such act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944,

as amended, shall be applicable to purchases made under this section: *Provided, however*, That in exercising the priority provided by this law for the purpose of transferring or disposing of the same to private industry the Reconstruction Finance Corporation shall disclose such fact in its offer, together with the names and addresses of the persons, firms, or corporations to whom it intends to transfer such property, together with a full and complete statement as to the intended use or disposition to be made by the transferee of the Reconstruction Finance Corporation. The Administrator in the exercise of his discretion shall then determine whether or not to transfer such property to the Reconstruction Finance Corporation in the same manner and to the same extent as though the ultimate transferee of the Reconstruction Finance Corporation was the offeror to the Administrator. It is the intent of this section that no person, firm, or corporation shall be accorded any advantage over any other solely by reason of the fact that the Reconstruction Finance Corporation is offering to acquire the property for it or them. The Administrator shall reject the offer of the Reconstruction Finance Corporation whenever it appears that the Reconstruction Finance Corporation intends to transfer the property to a person, firm, or corporation who intends to dispose of whole or part thereof, or does not intend to use all thereof in their own business. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

"(b) The Reconstruction Finance Corporation is further authorized for the purpose of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.

"(c) For the purposes of this section the terms 'persons,' 'surplus property,' and 'Government agency' have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended."

Sec. 7. Section 209 of title II of the joint resolution entitled "Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation," approved June 30, 1947 (Public Law 132, Eightieth Congress), is amended to read as follows:

"Sec. 209. During the period between June 30, 1948, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1949, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1948, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1949."

Sec. 8. The third paragraph of section 24 of the Federal Reserve Act, as amended by section 328 of the Banking Act of 1935, as amended, is hereby amended to read as follows:

"Loans made to establish industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, shall not be

subject to the restrictions or limitations of this section upon loans secured by real estate."

Mr. BUCK. Mr. President, I move that the Senate disagree to the amendment of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BUCK, Mr. BRICKER, Mr. CAPEHART, Mr. MAYBANK, and Mr. FULBRIGHT conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. WHERRY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. WILLIAMS in the chair) laid before the Senate a message from the President of the United States submitting several nominations which was referred to the Committee on Labor and Public Welfare.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the clerk will state the nominations on the calendar.

CIVIL AERONAUTICS BOARD

The Chief Clerk read the nomination of Russell B. Adams, of West Virginia, to be a member, Civil Aeronautics Board, for the remainder of the term expiring December 31, 1950.

Mr. WHERRY. Mr. President, I ask unanimous consent for the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WHERRY. Mr. President, I ask that the President be notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be so notified.

ECONOMIC COOPERATION ADMINISTRATION—HOWARD BRUCE

The Chief Clerk read the nomination of Howard Bruce, of Maryland, to be Deputy Administrator for Economic Cooperation.

Mr. WHERRY. Mr. President, I wish to make a statement for the RECORD. Last night I eulogized the nominee, Mr. Howard Bruce, of Maryland, and stated that I had known him in the Department of Commerce for several years. Inadvertently I got the first names confused. The man I was then talking about was David Bruce. I am glad to pay tribute to Mr. David Bruce, who has had long experience in the Department of Commerce, and whom I have known for some time. I am glad to have had the opportunity to have said what I did about him last night, although I inadvertently spoke of the wrong Mr. Bruce.

The minority leader pointed out to me that I at least spoke of one who was a member of the family of Bruces, because

David Bruce is the first cousin of Mr. Howard Bruce.

I now ask unanimous consent for confirmation of the nomination.

Mr. O'CONOR. Mr. President, I am indebted to the distinguished acting majority leader for his characteristically fair appraisal of the man of whom he spoke, and I can assure him that all the complimentary things he thinks and said of the one Mr. Bruce are also applicable to the gentleman whose nomination is now before the Senate.

I may say that the appointment of Mr. Howard Bruce as Deputy Administrator of the Economic Cooperation Administration is in fitting recognition of his outstanding contribution in the interest of his country. But more than that, it is a guarantee that the affairs of this program, which are committed to his hands, will be performed conscientiously, impartially, and efficiently.

In a word, and judged by the experience we have had with him, his service will be motivated by one consideration, namely, that which is best for America and the world.

From the day, many years ago, when he came to Maryland to assume a most important position in the industrial life of our State, down to the present day, the name "Howard Bruce" has been a synonym in Maryland for business competence, financial integrity, and successful administration. It is not an overstatement to assert that no citizen of Maryland enjoys greater respect and greater confidence of our people than he.

Illustrative of the extraordinarily high regard in which Mr. Bruce has always been held in Maryland, is the fact that he, as perhaps no other citizen has been called upon during the past thirty-odd years by the governors of our State, of both political affiliations, for advisory and other services in matters of general public import. Never has there been any question of compensation; never has there been, on his part, the slightest hesitancy in accepting the assignment given him; always his response, in time and thought and results, has been most generous and beneficial to the public.

So well were his capabilities recognized generally that during the most critical period of the war Mr. Bruce was called to Washington to expedite the flow of needed supplies to our armed forces throughout the world. When he undertook, at the request of the President, the exacting duties of Chief of the Conservation Branch, Army Service Forces, Mr. Bruce modestly declined a proffered commission while undertaking the arduous work under Secretary Stimson and Under Secretary Patterson.

During the early months of the war, when the organization of material supplies for the armed forces was under way, his position was that of an ace trouble-shooter. Later, as first assistant to General Somervell, Army Service Forces commander, Mr. Bruce's energy, capabilities, and capacity for unending attention to duty were so thoroughly recognized and appreciated that he was accorded the outstanding distinction of being one of only four American civilians to win the Army's Distinguished Service Medal.

An apt summation of his great contribution to the war effort was given in one sentence by the Army Service Forces commander when he described Mr. Bruce as a miracle man, one of the greatest architects in the design of the war machine. By reason of his many years of successful accomplishment in the field of finance and industry and particularly as a result of the vast experience which is his, Mr. Bruce might almost be said to be made to order for the admittedly difficult assignment which is now given him.

To detail the numerous and successful business projects in Maryland and throughout the East in which Mr. Bruce has been a guiding and inspiring force would certainly emphasize to anyone who is not familiar with his work the great capacity and energetic inspiration which he brings to this new post. To do so, I am convinced, is needless. He is so well known here for his endeavors and so highly regarded in business and industrial circles generally, that such a detailed listing of his achievements would seem superfluous.

It bears repetition, however, that Mr. Bruce is a man who is ideally suited and trained to help administer this huge program. He possesses such a rock-ribbed faith in America and in the orderly processes of the democratic system that he can be counted on to think first, last, and always of the interests of America even while helping, with the utmost humanity and consideration, the countries to be assisted. His one abiding interest will be, as it has been in the past, this Nation and its program for the perpetuation of free institutions.

Mr. SMITH. Mr. President, I wish to add a word to what the distinguished Senator from Maryland has just said. I am very happy to pay tribute to Mr. Bruce. I have known him personally for 11 years. There is no man in whose judgment I have greater confidence or who stands higher in my esteem and affection. I am glad to say this for the record as Mr. Bruce's nomination comes before the Senate for confirmation.

Mr. LANGER. Mr. President, when I objected to the confirmation of Mr. Bruce's nomination yesterday I did not know exactly which Bruce in Maryland was referred to, because there are so many of them there. A few years ago there was a very ghastly bank failure which resulted in the loss of millions of dollars to the people of Maryland and to various other depositors in one of the large institutions in Baltimore. I have made a full and complete investigation, and I find that Howard Bruce, the man whose name we are now discussing, had no connection in any way, shape, form, or manner with that financial institution. On the contrary, I find that this man is an outstanding citizen who has made a very fine record. Personally, I have no objection whatsoever to the confirmation of his nomination.

I am deeply grateful to my colleagues who yesterday gave me 24 hours to make this investigation. Because of the very great importance to the American people of this nomination, I felt in duty bound to hold up confirmation for 24

hours. I am delighted to withdraw my objection.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Howard Bruce to be Deputy Administrator for Economic Cooperation in the Economic Cooperation Administration?

The nomination was confirmed.

Mr. WHERRY. I ask that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

ADJOURNMENT TO MONDAY

Mr. WHERRY. The Senate having apparently completed its work for the afternoon, I now move that the Senate adjourn until Monday next at noon.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate adjourned until Monday, May 10, 1948, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate May 6 (legislative day of May 4), 1948:

UNITED STATES PUBLIC HEALTH SERVICE

The following-named candidates for appointment in the Regular Corps of the Public Health Service:

To be senior surgeons (equivalent to the Army rank of lieutenant colonel), effective date of acceptance:

Henry R. O'Brien

A. William Reggio

To be dental surgeon (equivalent to the Army rank of major), effective date of acceptance:

Arthur G. Malucky

CONFIRMATIONS

Executive nominations confirmed by the Senate May 6 (legislative day of May 4), 1948:

CIVIL AERONAUTICS BOARD

Russell B. Adams to be a member, Civil Aeronautics Board, for the remainder of the term expiring December 31, 1950.

ECONOMIC COOPERATION ADMINISTRATION

Howard Bruce to be Deputy Administrator for Economic Cooperation.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 6, 1948

The House met at 12 o'clock noon.

The Reverend Wayne Reynolds, pastor, First Methodist Church, Grapevine, Tex., offered the following prayer:

O God, who art the hope of all the ends of the earth, remember us in love and guide us by Thine infinite wisdom. Most heartily we beseech Thee to grant Thy blessing upon Thy servants, the President of the United States, the Congress, and all others in authority. Imbue them with the spirit of wisdom, goodness, and truth, and so rule their hearts and bless their endeavors that law and order, justice and peace may everywhere prevail.

Almighty God, who in the former time didst lead our fathers forth into a

wealthy place, give Thy grace, we humbly beseech Thee, to us, their children, that we may always prove ourselves a people mindful of Thy favor and glad to do Thy will.

Bless our land with honorable industry, sound learning, and pure religion. Defend our liberties; preserve our unity; save us from confusion, discord, and violence, from pride and arrogance, and from every evil way. Fashion into one happy people the multitudes brought hither out of many kindreds and tongues.

Guide those with the authority of governance to the end that there be peace at home and throughout the world. Keep us mindful of Thy mercy. For Jesus Christ's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 151. Concurrent resolution authorizing the printing as a House document of a report entitled "The Economy of Hawaii in 1947" and authorizing the printing of additional copies thereof.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2385. An act to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes; and

S. 2565. An act to provide for a temporary extension of title VI of the National Housing Act, as amended.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1142. An act for the relief of Anna Fechnik; and

S. 1620. An act to establish eligibility for burial in national cemeteries, and for other purposes.

The message also announced that, pursuant to the provisions of Senate Concurrent Resolution 48, the President pro tempore appointed Mr. Brooks, Mr. WHERRY, and Mr. BARKLEY members of the committee on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 2277) entitled "An act to amend section 13 of the Surplus Property Act of 1944, as amended, to provide for the disposition of surplus real property to States, political subdivisions, and municipalities for use as public parks, recreational areas, and historic-monument sites, and for other purposes"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SALTONSTALL, Mr. MORSE, and Mr. BYRD to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. REED of New York asked and was given permission to extend a speech in the Appendix of the RECORD and include extraneous matter.

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances.

STUDENTS OF FRANKFORD HIGH SCHOOL, PHILADELPHIA, PA.

Mr. SARBACHER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SARBACHER. Mr. Speaker, I am pleased to announce that over 400 students of the Frankford High School, Philadelphia, are visiting the Congress and Washington, D. C., today.

Under their able principal, Mr. John W. Hitner, along with the vice principal, Mr. Martin D. Fetherolf, and Mr. David Harr, head of the school's history department, these students are seeing first-hand their Government in actual operation.

This, to me, is a marvelous example of progressive education, and I am sure will be valuable to them in the classrooms of tomorrow. I only wish more of our youth throughout the country could have this opportunity.

NEW DEAL SOCIALISTS

Mr. JOHNSON of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. JOHNSON of Illinois. Mr. Speaker, just as expected, the New Deal socialists who have been chased out of one department after another are taken over by Paul G. Hoffman to administer socialism on a world scale with American taxpayers' money.

First came Mr. Wayne Chatfield Taylor, planted into the Federal Government by Third-Party Candidate Henry A. Wallace on July 5, 1933. He was executive assistant to the Administrator of triple A at the height of the program of plowing under cotton and little pigs. Mr. Taylor has now been appointed Director of Operations of the Economic Cooperation Administration.

Up comes another prospect for appointment to ECA—Howard B. Meyers. His first Government connection was arranged by Harry Hopkins. Mr. Hopkins chose Mr. Meyers as his Assistant WPA Administrator. After that Mr. Meyers was Assistant Administrator of the Federal Works Agency. Mr. Meyers is a dyed-in-the-wool devotee of the New Deal philosophy of spending our way into prosperity. Harry Hopkins' gospel was spend and spend and spend and tax and tax and tax and elect and elect and elect. Mr. Meyers writes books to support this concept. On the staff of the Committee for Economic Development, whose chairman was Paul G. Hoffman, he wrote a book which a noted book reviewer called a plan for a Nazi dictatorship in the United States of America.

So these men are to manage the world economy with the Socialists of other

countries. American oil and lumber and machinery and cotton and tobacco will be given outright to their friends of common ideologies abroad now on test in the world with which to support their self-liquidating, self-defeating, managed economies over there.

The hunger and cold of the people and the spread of communism which the American voters wanted to stop is already largely forgotten. The clamor and the noise of it all to secure the passage of the appropriation has died away.

What sense does it make to ridicule and oppose Henry Wallace, or even to outlaw or stop communism, when we deliver \$6,000,000,000 to Wallace's disciples and students who become the American brand of Socialist to manage our own economy and that of the world on a grand scale?

SPECIAL ORDER GRANTED

Mr. ANGELL. Mr. Speaker, I ask unanimous consent that on today, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

EXTENSION OF REMARKS

Mr. PHILLIPS of Tennessee asked and was given permission to extend his remarks in the Record and include an outline of Tennessee veterans' laws.

Mr. NODAR asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. LEFEVRE asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. BEALL asked and was given permission to extend his remarks in the Record and include a prayer by the Reverend Dr. Joseph F. Thorning.

Mr. MASON asked and was given permission to extend his remarks in the Record on the subject of Mother's Day and include an article by Dr. Ward on the same subject.

Mr. CURTIS asked and was given permission to extend his remarks in the Record and include excerpts.

Mr. BUCK asked and was given permission to extend his remarks in the Record and include an editorial on the United Nations appearing in the New York Times.

TAFT-ELLENDER-WAGNER BILL

Mr. LEFEVRE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LEFEVRE. Mr. Speaker, I hope the House Committee on Banking and Currency will not be bamboozled into accepting any of the socialistic provisions in the Taft-Elender-Wagner bill, which they are presently considering. Yesterday in the other body they approved

only of a 60-day stopgap extension of the mortgage-insurance program. This was done in the hope that the House will, in the meantime, approve of the TEW bill.

Members of the House, such stop-and-go action only interrupts the whole construction industry. Private enterprise is doing a marvelous job. It constructed 860,000 housing units last year and at the present rate should reach the goal of 950,000 units this year. Why get involved in a long-term public housing project which would cost the taxpayers \$6,400,000,000, when private industry can do the job?

The 5-year housing plan is inflationary. Many essential materials are still scarce. By Government entering into the building business, prices would zoom. In England there is no private building industry today because of their adopting a socialistic housing program. We must cut out these New Deal theories.

EUROPEAN RECOVERY PROGRAM

Mr. TIBBOTT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. TIBBOTT. Mr. Speaker, not a few people in this country are concerned and confused over the European recovery program.

Within the past few weeks many with whom I have discussed ECA are wondering just where our plans on the European situation will place us from the standpoint of aid to Europe. The approach to the issue seems to be based upon conflicting reports on trade within Europe, and between the several countries there, plus the need for our exporting commodities to nations abroad who have already supplies of materials rare at this time to the American people.

One of the many problems in this direction deals with coal. Only about 10 days ago information in one of the leading newspapers of the United States from a reliable reporter of theirs at Geneva is to this effect:

France is planning to buy 6,700,000 tons of coal from United States suppliers during the next 9 months because she expects to have dollars, while Polish coal, which is at least to some extent substitutable, is going unsold and British coal producers are finding difficulty in recovering the French market. Britain was planning to buy several million dollars' worth of conveyor belts in the United States that turned out to be obtainable in Europe.

In another publication of wide circulation in the United States on the same date as the above-mentioned release, which incidentally is April 30, 1948, the following was written:

Skyrocketing production of coal is worrying the Poles. They are beginning to wonder where they can sell all they produce. The coal situation in western Europe is easing, as German, French, and British output climbs.

One week later this same publication published the following:

Coal situation in Britain illustrates the kind of worry that can't be waved away.

Production at first glance seems to be satisfactory. It is about 4,225,000 tons a week. That is not up to prewar rate, but it is in line with 1948 target. Absenteeism from the mines is still 10 percent against 6 or 7 percent before the war.

Now, Mr. Speaker, here are factors which should be carefully considered by the administrators of ECA if the American people in support of this program are to have their interests protected. There is little wonder that the people of the United States are concerned over where this program will take us.

YORKCO WILL KEEP CANDIDATES COOL

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GROSS. Mr. Speaker, Pennsylvania is not only the Keystone State, but it led the Nation during those dark Revolutionary days when it harbored the Congress of the United States. During World War II, it received national recognition because of the York plan, which was adopted, and which probably brought the war to an earlier and successful conclusion. Now York is going to be prominent in the days that lie ahead in that the York Corp., which is the greatest manufacturer of cooling equipment in our country, has notified us that they are going to send an air-conditioning unit to every one of the rooms in Philadelphia during the two conventions in order to keep the candidates cool. They are not forgetting the Democrats either. Even their lone candidate, Mr. Truman, will have a unit installed in his room just the same as Taft and Stassen, and Dewey, and all of the rest of the famous men who are aspiring to the Presidency. So, York again comes to the rescue in keeping the national leaders cool. If we will keep our heads cool we will know how to elect the next Presidential candidate, and he may be the Speaker of this House, our JOE MARTIN.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Let me congratulate the gentleman on being so hot for his district.

Mr. GROSS. Yes, and we will keep them cool, and we will lead them through again.

EXTENSION OF REMARKS

Mr. ALBERT asked and was given permission to extend his remarks in the Record and include a summary of the Oklahoma veterans' laws prepared by the department adjutant of the DAV.

Mr. MILLS asked and was given permission to extend his remarks in the Record in three instances and include three editorials.

Mr. HAYS asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. PRICE of Illinois asked and was given permission to extend his remarks

in the RECORD and include a newspaper article.

Mr. EBERHARTER asked and was given permission to extend his remarks in the RECORD in four instances, and to include in one a statement by W. Averell Harriman, United States special representative in Europe; in another an article by Peter Edson, the columnist; in another an editorial appearing in the St. Louis Post-Dispatch; and in the other an editorial from the Sunday Star, of Washington, D. C.

Mr. BROOKS asked and was given permission to extend his remarks in the RECORD and include an article and some excerpts.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include a recent statement by Father Edmund A. Walsh, S. J.

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a newspaper clipping and a summary of the Massachusetts veterans' laws.

The SPEAKER. Without objection, the extension may be made.

There was no objection.

UNITED NATIONS CHARTER

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, I join gladly with the nonpartisan and forward-looking group of Representatives, led by the gentleman from Minnesota, Congressman Judd, and the gentleman from Arkansas, Congressman Hays, who are sponsoring identical resolutions to amend and improve the United Nations Charter.

In July 1947, I introduced two resolutions, House Resolution 116 and House Resolution 117, the purposes of which were similar to those of the present resolution. However, the present Resolutions 163 to 176 goes further into the subject than my resolutions, and deals with additional factors pertaining to the difficult job of establishing international accord. I am, therefore, happy to join with my colleagues on this additional attempt to move toward universal peace.

I firmly believe that the most important problem facing our Nation and the world is the establishing of an international organization which will be a vital functioning vehicle for world peace. Our present United Nations is a noble beginning, but 3 years of experience has disclosed basic organizational faults which must be eliminated. It is the mark of wisdom to recognize defects and move constructively to improve. Those who point out the faults and criticize are morally and spiritually obligated to formulate constructive improvements in the function of the United Nations.

To criticize and condemn is the mark of defeatism. To criticize and improve is the obligation of every honest and sincere public official.

I shall join with every group in our Nation who are loyal, conscientious, and

dedicated to the fight against a third world war. That fight must be made intelligently, with sober evaluation of the realities of the present world situation. It is not enough to cry: Peace, peace. It is not enough to decry and condemn war.

We must, if we live up to the challenge of our times, move constructively and in a practical way toward constructing a vehicle for obtaining peace. We must eliminate war for the benefit of suffering mankind and we must realize that war can be eliminated only on the international level. National security can no longer be obtained within national boundaries or through dependence on national strength alone.

It is for these reasons that I gladly join with my colleagues in their nonpartisan sponsorship of a resolution for United Nations revision.

HOUSING

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. KENNEDY. Mr. Speaker, I call the attention of the House to the fact that the national executive committee of the American Legion in Indianapolis has recommended that the American Legion endorse the Taft-Ellender-Wagner bill. The Legion has held out for 3 years, and now it looks as if it is going to fall in line with the other nine major veterans' organizations, the Veterans of Foreign Wars, the DAV, the AVC, the Jewish War Veterans, the Catholic War Veterans, the Army-Navy Union, the Marine Corps League, and the Italian-American War Veterans; and the Amvets, the only other major organization, has endorsed the major provisions of the bill as well as the public housing. The House Committee on Banking and Currency is now considering this bill. It is going to bring it out at the end of May, and we hope the committee will endorse all the provisions. We hope we will not have to go back to try to get more signatures to discharge petition No. 6. It is now up to that committee. The veterans of America are wholeheartedly behind this bill.

Mr. Speaker, the following item on this matter appeared in the New York Times of yesterday:

LEGION BOARD BACKS HOUSING BILL

INDIANAPOLIS, May 4.—The American Legion's national executive committee today endorsed the Taft-Ellender-Wagner housing bill, long opposed by the Legion. A report submitted by Walter E. Allesandrini, of Philadelphia, chairman of the All-World War II National Housing Committee of the Legion, said that the bill, as amended and passed by the Senate, provided certain priorities for low-income veterans and thus eliminated the chief ground for Legion opposition.

RURAL ELECTRIFICATION ADMINISTRATION

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GATHINGS. Mr. Speaker, I would like to speak today of a branch of our Federal Government which is doing a wonderful service for the rural people of this country. It is rendering this service in a manner which will not cost the taxpayers of this country one red cent. I am speaking of the Rural Electrification Administration.

There perhaps has been no branch of the Government which has contributed so much to the betterment of the living standards of the rural people than the REA. This agency operates quietly and efficiently to bring the blessings of electric power to millions of rural homes. It has a record of businesslike financial operations which ought to be an example to other branches of our Government.

The demand for electricity on the farm is greater now than it has ever been. This, I am sure, is because the people in the thinly populated areas of the Nation have begun to realize, through the operation of the REA, that it is not only possible to have electric power on their farms, but also economically feasible. They have seen electric power in operation on their neighbors' farms and know the benefits of this great program.

The REA was organized in 1935 and has grown as rapidly since then as it has been possible to obtain supplies. It is, to me, a good sign that the demand for electric power on the farm is running ahead of the ability of REA cooperatives to get into operation. It means that the farms of this country intend to surround themselves with every available means to make their lives and work more comfortable and efficient.

Under the REA program these farm people know there is hope that they, too, can have electricity. They know it is just a question of time before they get it. It is for these reasons that I offer my word of praise for this program which our Government is operating for the betterment of the farmers of this country.

I receive many letters from the people of the First District of Arkansas on the subject of rural electrification. These people want the Government to provide sufficient funds for this program. They want to hasten the day when the power line will encircle their farm and bring them the badly needed power.

I am happy to pledge my continued cooperation to help this Nation send electric power into the remotest areas of the country.

Let me cite the record of electrification in the eastern section of Arkansas. There are four major REA cooperatives in the area of the 11 counties in the First District. They are the Craighead Electric Cooperative, at Jonesboro; the Woodruff Electric Cooperative Corp., at Augusta; the Clay County Electric Cooperative, at Corning; and the Mississippi County Electric Cooperative, at Blytheville.

Up to the 1st of May, this year, these four cooperatives have been granted loans from the Government totaling more than \$8,000,000. This is a fine record of operation when one realizes that

the first REA cooperative was not set up in the State of Arkansas until 1937.

Also of interest is the fact that by the 1st of May of this year these four cooperatives in eastern Arkansas had been allocated a total of 6,530 miles of electric power line with a total of 23,251 consumers. Of that allocation, two-thirds of the mileage of electric power lines has already been energized and some three-fourths of the consumers connected to lines.

Already of the total sum of the loans advanced to these cooperatives nearly \$1,000,000 in interest and principal has been repaid to the Government. Not one single loan made to a cooperative in the Arkansas First District was overdue for more than 30 days. That is an excellent record.

The REA operates no electric facilities of its own and makes no grants of money. REA loans are made on a self-liquidating basis and are sufficient to cover the full cost of constructing lines and other electric facilities. The loans bear 2 percent interest and are repaid over a maximum of 35 years. Once the loan is paid back the power line is owned by the consumers.

According to Mr. Claude R. Wickard, the able administrator of the REA, there has been a substantial improvement in the supply of construction material in recent weeks. This will be of particular interest to those rural families who have been unable to obtain needed electric power because of material shortages. This shortage of materials has hampered the program greatly. During the war, there were virtually no materials to be had for rural electric lines. Since the end of the war, the material situation has improved only gradually, up to the present time. Just as fast now as materials can be obtained this great program can grow with the rapidity of the demand.

I look forward to the day when every farmer in the rich delta land of eastern Arkansas will have electric power. Advancement in the science of farming, which is nowhere more evident than in the agriculture lands of Arkansas, calls for electric power. Electricity, in our modern mode of living, is necessary to make the work of the housewife on the farm less burdensome. Nothing in our modern life is more essential than electric power in the rural areas. Wherever electric power lines have penetrated into the rural areas, there you will find greater efficiency on the farm, less laborious farm work, less drudgery for the farm wife, and greater participation in the varied interest of modern living.

I hope that the farmers throughout the Nation will avail themselves of this fine program. I shall continue to do all in my power to provide the necessary funds for the operation of this program. I shall encourage its expansion in every way that I can.

HOMESTEAD BILL

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a report on an amendment to the bill H. R. 4488.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, a few days ago the Committee on Veterans' Affairs reported out the so-called homestead bill, which was introduced by the chairman of the committee and 29 other Members with a view to getting a certain type of low-rental houses for veterans and for sale to veterans. It fills a very great need. No bill that has ever been introduced in the Congress fills just that need. It is a housing bill for veterans alone. If the Taft-Ellender-Wagner bill passes, there is no reason our bill should not pass because, as I said, it fills a special need that the TEW bill does not fill. It has been very ardently supported by the American Legion.

SELECTIVE-SERVICE BILL

Mr. ANDREWS of New York. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS of New York. Mr. Speaker, we of the Committee on Armed Services are receiving so many inquiries at the moment that it seems to me appropriate that I make the following statement:

It is our intention to file the report on the selective-service bill, H. R. 6401, tomorrow, Friday. The report, in some detail, will be available in printed form on Saturday morning.

Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. SHORT] may have until midnight tomorrow night to file minority views on that measure.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS of New York. Mr. Speaker, the complete hearings, down to and including Monday, the day on which we voted in the committee on the bill, with all the testimony, including that of Mr. Forrestal, will be in print on Tuesday, May 11.

Of course, you cannot figure these things accurately, but I am going to run the risk of making this statement: I am reliably informed by the Speaker and the majority leader that as far as they are concerned there are good possibilities that the bill will come up on the floor on the 17th or 18th, probably the 18th, of May, which is a week from next Tuesday.

In view of the general interest in the bill, I ask unanimous consent to insert at this point in the RECORD a summary giving the high lights of the bill H. R. 6401 in order to answer the inquiries of many Members of Congress. I may say that a copy of this has been placed in the mail box of each Member, and it should be in each Member's office now.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The matter referred to is as follows:
HIGH LIGHTS OF H. R. 6401, PROPOSED SELECTIVE SERVICE ACT OF 1948

AUTHORIZED STRENGTHS

Army (not to exceed).....	837,000
Navy (including Marine Corps) (not to exceed).....	666,882
Air Force (not to exceed).....	502,000
Total	2,005,882

¹ Plus persons on temporary active duty.

REGISTRATION (SEC. 2, P. 3)

All citizens and aliens from 18 through 30, unless exempted in the act, must submit for registration on dates and at places set by the President.

LIABILITY FOR INDUCTION (SEC. 4, P. 3)

Citizens and declared aliens from 19 through 25, unless deferred or exempted, are liable for induction for 2 years of service. Doctors, dentists, veterinarians, osteopaths, pharmacists and optometrists are specially liable until age 45 and will be called in certain priorities, those deferred during the war and those educated at Government expense to be called first. Two-year voluntary enlistments in the Army are permitted in lieu of induction.

Discharged persons inducted under this act and others with less than 3 years' service must (1) take another year of active service, or (2) stay in the National Guard or an organized Reserve unit for 3 years, or (3) stay in unorganized Reserves for 5 years or until age 35. (See also section 5 (e) (3), page 13 of the bill, giving President authority to call Reserves and Guardsmen with less than 90 days' service to 2 years' active duty without their consent.)

DEFERMENTS AND EXEMPTIONS (SEC. 5, P. 7)

Exemptions

Personnel on active duty.
Purple Heart holders.
Veterans of World War II with over 12 months' service.
Veterans of World War II with 90 days' to 12 months' service, if members of organized Reserve or National Guard unit.
Veterans of World War II with combat service.
Reserves in organized units and National Guard on effective date of the act.
Persons entering organized Reserve units and National Guard after act is passed who enter before 18½ years of age.
Diplomats.
Ministers and ministerial students.
Nondeclared aliens (sec. 4 (a)).

Deferments

ROTC and Navy Holloway plan students until graduation (those enrolled in the advanced course before enactment of bill must serve on active duty for 2 years; those entering the senior division after enactment must serve 3 years after graduation).
Accepted aviation cadets, for 4 months.
State-wide and Federal elective officials.
Essential civilians.
Persons with dependents.
Physically and mentally unfit.
High school and college students, with limitations (section 5 (j)).
Conscientious objectors objecting to any type of military service.

SOLE SURVIVING SON PROVISION

(SEC. 5 (O), P. 20)

An inducted sole surviving son in family whose other son or sons died or were killed in service in World War II cannot be sent outside the United States and must be assigned to noncombatant duty.

STATE QUOTAS (SEC. 7 (B), P. 22)

Requires that States be given credit for soldiers already in active service in fixing induction quotas, and that induction quotas will be proportionate to State population.

REEMPLOYMENT RIGHTS (SEC. 8, P. 23)

To qualify for reemployment assistance, the discharged inductees must (1) have certificate showing honorable completion of service, (2) be still qualified to perform the duties, (3) apply within 90 days after discharge or 90 days after 1 year's hospitalization continuing after discharge. Employer must give back same job or one with like seniority, status, and pay. Returning inductee cannot be fired without cause within a year.

SELECTIVE SERVICE SYSTEM (SEC. 9, P. 30)

Director (Senate-confirmed) to be head. There will be a national headquarters, at least one State headquarters in each State, at least one appeal board in each State, and a local board in each county. President will appoint State directors and local board members on recommendation of Governors. Each local board will have three or more members.

PENALTIES FOR VIOLATION OF ACT (SEC. 11, P. 39)

Five years' imprisonment, \$10,000 fine, court martial where applicable, for evasion of act or inciting others to evade or violate the act.

INDUSTRY COMPULSION (SEC. 17, P. 44)

Authorizes compulsory, priority orders for armed forces' supplies when necessary. Those who charge exorbitantly or refuse to comply can have plants seized and operated by the Government (with fair compensation) and be imprisoned for 3 years and fined \$50,000.

TERMINATION DATE (SEC. 20, P. 48)

The act will terminate in 2 years, except for certain provisions specified.

EFFECTIVE DATE (SEC. 23, P. 49)

Inductions are postponed for 90 days after date of enactment.

EXTENSION OF REMARKS

Mr. KEATING asked and was given permission to extend his remarks in the RECORD in two instances; in one instance with reference to a bill he is today introducing, and in the other to include an editorial from the Rochester (N. Y.) Democrat and Chronicle.

Mr. GOFF asked and was given permission to extend his remarks in the RECORD and include a statement on veterans' benefits prepared by the adjutant of the DAV.

Mr. BUFFETT asked and was given permission to extend his remarks in the RECORD in three instances and in one to include some excerpts and editorial matter.

Mr. LICHTENWALTER asked and was given permission to extend his remarks in the RECORD and include an editorial from the Saturday Evening Post.

APPROVAL BY AMERICAN LEGION OF THE PRESENT TEW BILL

Mr. MUHLENBERG. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MUHLENBERG. Mr. Speaker, furthering the question which the gentleman from Massachusetts [Mr. KENNEDY] brought up a moment ago and which was followed up by the gentleman from Massachusetts [Mrs. ROGERS] on the same subject, that is the approval by the American Legion executive committee of the present TEW bill,

I think it should be pointed out that this was a qualified approval based very largely, if I am correct, on the fact that now the bill includes the substance of the Veterans' Homestead Act. It was on that special provision for veterans and, on that alone, I am given to understand that the former disapproval was changed to approval. I do not believe, therefore, that anything about the TEW bill is indicated as approved except that particular provision, and it is natural for a veteran organization to approve legislation for the especial benefit of that group.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

HON. JOHN TABER

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, the accelerated tempo of this modern life somehow muddies our sense of appreciation now and then and fastens upon us the tragedy that we take so many things for granted. We not only take duty for granted, beauty, and the necessities and delights and miracles, but we take people for granted. Surely in the busy hurly-burly of this controversial atmosphere we can take time off and mark the natal anniversary of a very distinguished Member of the House of Representatives and give him a pat on the back for great service rendered to his constituency and to the people of the United States. I am referring to the Honorable JOHN TABER of New York, chairman of the Committee on Appropriations, who on yesterday marked the sixty-eighth anniversary of his birth. It is indeed a felicitous custom that we observe the anniversaries of birth and not the anniversaries of transition, for when all is said and done, the important thing is when a life begins, when it begins to unfold and glow and shed its effulgence and to give of its talent and force to the welfare of mankind and particularly to the people of our own country.

Just 68 years ago yesterday, JOHN TABER was born at Auburn, N. Y. The interesting thing is that that is still his home town. He still lives there. In a time when there is so much mobility on the part of people everywhere and there is a disposition to move, when there is a restlessness in the air, continued residence in one place is in itself in my judgment a great testimony to the steadfastness of character and stability of nature of the distinguished chairman of the Committee on Appropriations.

When he came into this world 68 years ago Rutherford B. Hayes was the occupant of the White House. JOHN TABER has in his lifetime seen 14 Presidents of the United States come and go. He came to this body in the Sixty-eighth Congress and has rendered valiant service ever since. There have been literally hundreds, I am going to say thousands, of Members who have come and gone during his service in this body, but he carries on, term after term, with a consistency and resolve which has won for him abid-

ing respect and devotion from his colleagues and constituency alike.

A great many Members who are serving the other body today were Members of the House when the gentleman from New York, JOHN TABER, came here. He has carried on in his reliable, in his firm, in his steadfast way, doing the things he thought were right and in serving out of a keen conscience and a noble heart what he esteems to be the best interests of his country.

There have been occasions when some tart things have been said about him on this floor. There were occasions when derogatory statements have appeared in the press, even though they may not have been so intended. On occasion alliterative adjectives have been applied, such as "the terrible Mr. TABER." In my book, whatever appellations may have been applied to him not only do not detract from his stature, but, in fact, increase his stature as a solid citizen and a firm and steadfast public servant. It heightens my affection for him, and I believe the Congress and the country can rejoice that we have a JOHN TABER in our midst today. That is especially true at a time when there are so many cleavages of sentiment and so much dissidence in all parts of the world.

There is such an intense conviction in JOHN TABER's soul and he is unrelenting in his pursuit of that conviction. It makes him stand like the Rock of Gibraltar even when he stands alone and the lightning bolts of controversy strike all about him. Despite all this he continues to pursue the common good according to the light of his own conscience and by what he esteems to be his public duty. I am sure that every Member of this body today will agree with my estimate that he has been and he is a great public servant in the best and fullest sense of that term.

It has often been said that so much of our value is measured by the enemies that we make. JOHN TABER has made some enemies, not in a personal sense—because anyone who knows him knows what a tender heart beats in that rugged frame—but in the sense that some people disagree with his philosophy of life and government. This simply stems from his unrelenting pursuit of that solid philosophy which embraces freedom, sound Americanism, sound governmental practices, and a traditional way of life which cannot be duplicated by any time or generation or in any corner of the globe. He is in truth and in fact a great American who deserves a prominent place in the American tradition.

May his vigor and his power be undiminished for many years to come. May the clarity of his thinking, the clarity of his eye go on undiminished as he continues to serve the Nation. I hope his constituency—that same constituency where he was born—will continue to send him to the Nation's Capital for a long time to come for continued and valiant service in expressing the best and noblest aspirations of this Republic.

FIRST DEFICIENCY APPROPRIATION ACT, 1948

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that it may be in or-

der to consider the conference report on the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, at any time after it is filed, notwithstanding the provisions of clause 2 of rule 28.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

GOVERNMENT CORPORATIONS APPROPRIATION BILL

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Friday night to file a report on the Government corporations appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. CANNON. Mr. Speaker, I reserve all points of order on the bill.

Mr. HALLECK. Mr. Speaker, notwithstanding the rules of the House, I ask unanimous consent that it may be in order on Monday next to call up for consideration the Government corporations appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the call of the committees in order on Calendar Wednesday next be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROGRAM FOR WEEK OF MAY 10

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I have asked for this time in order to announce the program for the coming week.

Preliminary to that I wish to advise that if the legislation scheduled for consideration today can be completed, we propose to adjourn over until Monday.

On Monday we will take up such bills as may be reported by the Committee on the District of Columbia, and also the Government corporations appropriation bill. If consideration of that appropriation bill is not concluded on Monday it will be the continuing order of business on Tuesday.

With respect to other business for the week, I should like to inquire of the gentleman from Ohio [Mr. Brown] whether or not rules have been granted on the so-called Bulwinkle bill (H. R. 221) and the subversive activities bill (H. R. 5852)?

Mr. BROWN of Ohio. The Rules Committee will report at the earliest opportunity a rule on the Bulwinkle bill, giving 2 hours of general debate, and on

the Mundt bill from the Un-American Activities Committee, giving 5 hours of general debate on that measure.

Mr. HALLECK. Then, Mr. Speaker, on Tuesday and Wednesday we will call up the bill (H. R. 221) to amend the Interstate Commerce Act with respect to certain agreements between carriers, and House Joint Resolution 342 directing all executive departments and agencies of the Federal Government to make available to any and all standing, special, or select committees of the House of Representatives and the Senate, information which may be deemed necessary to enable them to properly perform the duties delegated to them by the Congress.

On Thursday it is hoped that we can consider the legislative appropriation bill if it is ready at that time.

After that we hope to call up H. R. 5852, a bill to combat un-American activities by requiring registration of Communist-front organizations, and for other purposes, and continue on Friday with that bill or any unfinished business of the week.

Rules, of course, may be called up at any time they are reported, but they will be called up only after consultation with the minority leader.

EXTENSION OF REMARKS

Mr. CANNON asked and was given permission to extend his remarks in the Appendix of the RECORD and include a speech by the Governor of Missouri.

Mr. FORAND (at the request of Mr. FOGARTY) was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. COUDERT asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. PHILLIPS of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the New York Times.

THE INCOME-TAX BILL

Mr. TRIMBLE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. TRIMBLE. Mr. Speaker, I voted against the income-tax bill of 1948 as well as those of 1947. This was not an easy vote to cast. However, I have no apology to offer anyone for that vote. I believe that our first obligation is to the financial stability of the country in these difficult days.

We owe more than \$250,000,000,000 of the \$300,000,000,000 which the war cost us. Business is at an all-time high. Profits are greater than at any time in the history of this country. We hope they continue. However, I believe that the time to pay debts is when one is making the money with which to pay them. We could have paid on our debt had we not cut the taxes.

The dollar that was worth 100 cents in 1939 is now a 60-cent dollar or less. Chance that the consumer's dollar might become more valuable in the months ahead is fading. The addition of this

\$4,800,000,000 tax-reduction cut thrown upon the fire of inflation which prevails is whittling down the value of that dollar.

In 1942, with the war in full swing, the dollar was worth 85 cents; by 1946, the dollar was buying only 71 cents' worth. Now the same dollar is worth less than 60 cents. Buyers of goods and services at retail get less for each of their dollars than they got for 60 cents in 1939.

We do not like price controls. Personally, I hope it never becomes necessary to reimpose them, but, if we continue to cut taxes and increase spending as we are doing in this Congress, we will have to do one of two things. We will either have to let the dollar continue to drop to lower levels of value, which can only end in another depression, or we must slap on rigid controls to stabilize its value.

Right now, as compared with 1939, the food dollar is worth 47 cents; clothing dollar, 51 cents; house furnishing dollar, 52 cents; fuels and ice, 60 cents; rent dollar, 90 cents; and, that rent-control dollar doubtless would be a lot less than 90 cents, had we not continued rent control.

Neither is it fair to shift the burden of taxation from those who made big profits during the war and are still making big profits and place that burden to a greater degree upon the men who left their farms, their homes, their businesses and colleges and went to war. That is not a square deal, but, rather, verges on a raw deal.

Under the new law, as compared to the old law, the following items will give you specific instances to show what I mean by a shift in the tax burden from those most able to pay to those least able to pay:

At \$2,500 a year income, a man with a wife and two children gets a tax cut of \$78 per year or a dollar and a half per week less than he paid under the old law;

At \$3,000 per year income, the same family has a \$90-a-year tax cut;

At \$5,000 a year income, the same family gets \$157 a year cut. A large bulk of that saving comes by reason of the fact that this income-tax bill allows the husband and wife to file separate returns. In other words, divide the income half and half. This feature of the law does not begin to be effective until the income is \$5,000 a year, which means that very few of the farmers, small-business men, school teachers and laborers in our district will get any benefit at all from the community-property provision of the bill;

At \$7,000 a year income, a man with a wife and two children gets a \$265 annual cut;

At \$10,000 a year income, the same family gets a \$501 cut;

At \$15,000 a year income, the same family gets a \$1,127 cut;

At \$20,000 a year income, the same family gets \$2,002 a year cut;

At \$30,000 a year income, the same family gets \$4,075 per year cut;

At \$50,000 a year income, the same family gets \$7,533 per year cut;

At \$100,000 a year income, the same family gets \$16,658 cut;

At \$200,000 a year income, the same family gets \$30,663;

At \$500,000 a year income, the same family gets an income-tax benefit of \$47,923; so one can readily see that so far as our district is concerned this income-tax bill does us little good. What we do save in taxes is taken away from us by reason of the rise in costs of living caused by this tax cut's extra buying power.

The community-property feature of the bill and the exemptions which it gives to the old people are very appealing. However, there is a bill in committee now which will take care of the aged people and to a far greater extent than this tax bill because so few of them have more than enough income on which to live anyway. I am supporting that bill.

It is my considered judgment that we are going back to a period of deficit spending unless taxes are increased at the next session of the Congress. I have voted to cut the President's budget \$3,000,000,000 this year, and have voted for cuts in the appropriations except upon those vital projects which I think are the lifeblood of the country, including flood control, reclamation, soil conservation, veterans, old-age assistance, and rural electrification.

I am also voting whatever amount is necessary to keep our defense strong and modern in these critical days when we are struggling toward peace.

EXTENSION OF REMARKS

Mr. MUNDT asked and was given permission to extend his remarks in the Record and include some newspaper comment in support of the House Committee on Un-American Activities bill to control subversive activities.

AMENDMENT TO INTERSTATE COMMERCE ACT

Mr. BROWN of Ohio, from the Committee on Rules reported the following: privileged resolution (H. Res. 581, Rept. 1871), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 221), to amend the Interstate Commerce Act with respect to certain agreements between carriers. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

COMBATING SUBVERSIVE ACTIVITIES

Mr. BROWN of Ohio, from the Committee on Rules, reported the following privileged resolution (H. Res. 582, Rept. 1872), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that

the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 5852) to combat un-American activities by requiring the registration of Communist-front organizations, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Un-American Activities, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Un-American Activities now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PRIVILEGES OF THE HOUSE

Mr. McDOWELL. Mr. Speaker, I have been served with a subpoena duces tecum to appear before the District Court of the United States for the District of Columbia to testify on Thursday, May 6, 1948, at 1:30 p. m. in the case of the United States against Albert Maltz, which is a congressional contempt proceeding. Under the precedents of the House, I am unable to comply with this subpoena without the consent of the House, the privileges of the House being involved. I, therefore, submit the matter for the consideration of this body.

Mr. Speaker, I send the subpoena to the desk.

The Clerk read as follows:

DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA

THE UNITED STATES V. ALBERT MALTZ, NO. 1354-47, CRIMINAL

The President of the United States to JOHN McDOWELL, Old House Office Building:

You are hereby commanded to attend the said court on Thursday, May 6, 1948, at 1:30 o'clock p. m., to testify on behalf of the United States, and bring with you subpoena served on Albert Maltz and other related papers, and not depart the court without leave of the court or district attorney.

Witness the Honorable Bolitha J. Laws, chief justice of said court, this 6th day of May A. D. 1948.

HARRY M. HULL, Clerk.
By MARION E. LEWIS,
Deputy Clerk.

Mr. MICHENER. Mr. Speaker, I send to the desk a privileged resolution, House Resolution 583, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Whereas Representative JOHN McDOWELL, a Member of this House, has been served with a subpoena duces tecum to appear as a witness before the District Court of the United States for the District of Columbia to testify at 1:30 p. m. on the 6th day of May 1948, in the case of the *United States v. Albert Maltz*, criminal No. 1354-47; and

Whereas by the privileges of the House no Member is authorized to appear and testify but by the order of the House: Therefore be it

Resolved, That Representative JOHN McDOWELL is authorized to appear in response to the subpoena duces tecum of the District Court of the United States for the District of Columbia on Thursday, May 6, 1948, in the case of the *United States v. Albert Maltz*; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpoena of the said court.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to have until midnight tomorrow night to file a report from the Committee on the District of Columbia.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House a communication from the Clerk of the House of Representatives which was read:

MAY 6, 1948.

The Honorable the SPEAKER,
House of Representatives.

SIR: From the District Court of the United States for the District of Columbia, I have received a subpoena duces tecum, directed to me as Clerk of the House of Representatives, to appear before said court on the 6th day of May 1948 at 10 o'clock a. m., as a witness in the case of the *United States v. Albert Maltz* (No. 1354-47 Criminal Docket), and to bring with me minutes of all meetings from January 1, 1947, to date, of the House Committee on Un-American Activities, or any subcommittee thereof, concerning the hearings which were conducted in Washington, D. C., from October 20 to October 30, 1947, relating to the Hollywood motion-picture industry.

Your attention and that of the House is respectfully invited to a resolution of the House adopted in the Forty-sixth Congress, first session (CONGRESSIONAL RECORD, p. 680), upon the recommendation of the Committee on the Judiciary as follows:

"*Resolved*, That no officer or employee of the House of Representatives has the right, either voluntarily or in obedience to a subpoena duces tecum, to produce any document, paper, or book belonging to the files of the House before any court or officer, nor to furnish any copy of any testimony given or paper filed in any investigation before the House or any of its committees, or of any paper belonging to the files of the House, except such as may be authorized by statute to be copied, and such as the House itself may have made public, to be taken without the consent of the House first obtained."

And to a resolution adopted by the House in the Forty-ninth Congress, first session (CONGRESSIONAL RECORD, p. 1295), from which the following is quoted:

"*Resolved*, That by the privileges of this House no evidence of a documentary character under the control and in possession of the House of Representatives can, by the mandate or process of the ordinary courts of justice, be taken from such control or possession but by its permission.

"That when it appears by the order of a court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that docu-

mentary evidence in the possession and under the control of the House is needful for use in any court of justice or before any judge or such legal officer for the promotion of justice, this House will take such order thereon as will promote the ends of justice consistently with the privileges and rights of this House."

These resolutions result from the issuance of subpoena duces tecum upon the Clerk of the House to produce certain original papers in the files of the House.

Permission to remove from their place of file or from the custody of the Clerk, any papers, was denied by the House but court afforded facilities to make certain copies of papers to be secured from the House. This seems to be the uniform procedure in the case of subpoenas duces tecum served upon the Clerk of the House of Representatives to produce original papers from the files of the House.

The subpoena in question is herewith attached, and the matter is presented for such action as the House in its wisdom may see fit to take.

Very respectfully yours,

JOHN ANDREWS,

Clerk of the House of Representatives.

DISTRICT COURT OF THE UNITED STATES FOR
THE DISTRICT OF COLUMBIA, HOLDING A
CRIMINAL COURT FOR THE SAID DISTRICT

THE UNITED STATES v. ALBERT MALTZ, NO.
1354-47, CRIMINAL DOCKET

The President of the United States to John Andrews, Clerk of the House of Representatives, United States Capitol, Washington, D. C.:

You are hereby commanded to attend the said court on Thursday, the 6th day of May, 1948, at 10 o'clock a. m., to testify on behalf of the defendant, and bring with you minutes of all meetings from January 1, 1947, to date, of the House Committee on Un-American Activities or any subcommittee thereof, concerning the hearings which were conducted in Washington, D. C., from October 20 to October 30, 1947, relating to the Hollywood motion-picture industry, and not depart the court without leave thereof.

Witness, the honorable chief justices of said court, the 5th day of May A. D. 1948.

HARRY M. HULL,

Clerk.

By MARGARET L. BOSWELL,

Deputy Clerk.

Mr. MICHENER. Mr. Speaker, I offer a privileged resolution (H. Res. 584) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; Be it further

Resolved, That in all cases involving the failure of witnesses to appear or refusal of witnesses to answer questions before committees of the House of Representatives properly certified pursuant to the provisions of section 104 of the Revised Statutes of the United States as amended now or hereafter pending during the Eightieth Congress in any court of the United States where subpoenas duces tecum may be issued by the due process of said court and addressed to John Andrews, Clerk of the House of Representatives or any officer or employee of the House of Representatives directing them to appear as witnesses before the said court at any time and to bring with them certain and sundry papers in the possession and under the control of the House of Representatives wherein such documentary evidence is needful in any said court of the United

States that John Andrews, Clerk of the House or any officer or employee of the House be authorized to appear at the place and before the court named in the subpoenas duces tecum so issued, but shall not take with them any papers or documents on file in their office or under their control or in their possession as officers or employees of the House; and be it further

Resolved, That when any said court determines upon the materiality and the relevancy of the papers and documents called for in the subpoenas duces tecum then any said court through any of its officers or agents have full permission to attend with all proper parties to the proceeding and then always at any place under the orders and control of this House and take copies of any documents or papers in possession or control of said officers or employees that the court has found to be material and relevant, except minutes and transcripts of executive sessions, and any evidence of witnesses in respect thereto which the court or other proper officer thereof shall desire, so as, however, the possession of said documents and papers by the said officers or employees shall not be disturbed, or the same shall not be removed from their place of file or custody under said officers or employees; and be it further

Resolved, That a copy of these resolutions be transmitted by the Clerk to any of said courts whenever such subpoenas are issued as aforesaid.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RECONSTRUCTION FINANCE CORPORATION

Mr. WOLCOTT. Mr. Speaker, in accordance with the unanimous-consent request granted yesterday, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2287) to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that in the consideration of the bill in the Committee of the Whole the committee substitute amendment be read as an original bill for the purpose of amendment.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2287, with Mr. COLE of Missouri in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, last year we revised the Reconstruction Finance Corporation Act and continued the RFC authority for 1 year. The life of the Corporation expires on June 30 of this year. This bill is to continue the Corporation for 4 years. It continues the authority to make loans and function in respect to all of its activities for 2 years, and then gives a 2-year period beyond that in which to liquidate their outstanding obligations. So, for all practical purposes, we continue

the power of the Corporation to make loans for 2 years, and continue the life of the Corporation for liquidation purposes 2 years beyond that.

The Senate has passed the bill and the House has stricken out all after the enacting clause because of the number of amendments which were made. The chief differences between the Senate bill and the House bill I shall try to enumerate: It will be recalled that last year we cut the borrowing power of the Reconstruction Finance Corporation from a potential \$18,000,000,000 to \$2,000,000,000. The Senate in this bill cut that further to \$1,000,000,000. The House has restored \$500,000,000 of that cut, so that the House bill provides for a loaning authority of \$1,500,000,000.

The report covers, I think quite thoroughly, the operations of the Reconstruction Finance Corporation. One difference which I think we should have in mind between the Senate bill and the House bill, a very important difference, is that last year when we passed the Reconstruction Finance Corporation bill we provided in effect that the RFC should not invest in the capital structures of banks and insurance companies. It could not buy or invest in the preferred stock of financial institutions. The Senate restored that authority, although at the same time they reduced its borrowing power. The House has deleted that provision in the Senate bill and put it back where it has been for the last year, so that under the House bill the Reconstruction Finance Corporation will not have any authority to buy preferred stock of banks and insurance companies. It may, however, make loans to financial institutions and may participate in loans made by them for the several purposes set forth in the bill, the encouragement of business expansion, loans to small business, and so forth, activities which are very essential at this time in some cases to assure expansion of production.

As a subsidiary corporation of the Reconstruction Finance Corporation there has been in existence the Federal National Mortgage Association. This was set up in 1938. The Federal National Mortgage Association has been the secondary market for FHA mortgages, and it has operated through the years very successfully, without any loss; as a matter of fact, with a substantial profit, about \$23,000,000.

Our purpose in housing legislation this year is to continue the momentum of housing construction which got under way last year. Last year we built about 840,000 units. This year the starts so far have been ever so much greater than in the comparable period of last year. So if we do not do anything to discourage home construction, and if we do these other things which are necessary to keep up the momentum of home construction, we are well on the way to building over a million housing units in the United States this year. That will be the largest number of housing units ever built in any one year by any country in the world. The high point previous to this was about 937,000 units in 1925. We hope to build over a million units this year. The key to the production of a million housing units this year

lies in no interference with the basic program under which these units are financed. The industry which is making this record has been accustomed to the use of the Federal National Mortgage Association, which is familiarly known as Fanny May. So the Committee on Banking and Currency of the House, with the idea that there should be no interruption in the secondary market for FHA mortgages, continues the Federal National Mortgage Association as a subsidiary corporation of the Reconstruction Finance Corporation, notwithstanding the fact that the Senate provided for the dissolution of FNMA. I presume the reasons why the Senate provided for the dissolution of FNMA is because in the Senate bill, S. 866, which passed the other body the other day and on which we are now having hearings, provision was made for the establishment of a new secondary market within the framework of the Housing and Home Finance Agency to replace FNMA. The uncertainty in respect to S. 866 and the controversy which raged in the other body over the controversial features of that bill makes it difficult for us to determine the fate of that particular provision of the bill. For that reason we take no chances that there will be an interruption in the program under which this country expects to build a million units this year. We have restored FNMA in this bill. That is one of the reasons why we have restored the lending power of the Reconstruction Finance Corporation from a billion dollars to \$1,500,000,000.

The capital of the Reconstruction Finance Corporation is reduced in the bill from \$325,000,000 to \$100,000,000. The Senate provided in addition to that that the surplus of the Corporation over \$50,000,000 be paid into the Treasury. At the present time the Reconstruction Finance Corporation has a surplus of about \$500,000,000, which together with their capital gave them a capital and surplus of about \$825,000,000. We thought the Senate had cut what is known as their free capital down so low as to make it almost impossible for the Reconstruction Finance Corporation to operate in the black, so we left the capital provision at \$100,000,000, because that is money received from the Treasury. We restored \$350,000,000 of the surplus in addition to the \$50,000,000 authorized by the Senate, so we provide the Corporation with \$100,000,000 of capital and not to exceed \$400,000,000 of surplus, or a total of \$500,000,000 capital and surplus. The bill provides that all over \$500,000,000 of capital and surplus shall be paid into the Federal Treasury. So in effect we provide in the House bill there will be something over \$300,000,000 of capital and surplus of the Reconstruction Finance Corporation paid into the Treasury. At the same time we have the assurance that the Reconstruction Finance Corporation can operate on its capital and surplus in such a manner as to reasonably assure that we will not have to appropriate money directly out of the Treasury to cover deficits in its operation.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. ARNOLD. Has this surplus of the RFC been accumulated out of profits made from its operation?

Mr. WOLCOTT. It has been accumulated from the operations of the Corporation since it was instituted in 1932.

Mr. ARNOLD. It represents profits that they have made in the operation of the Corporation?

Mr. WOLCOTT. I do not know that we can say it is all profit. However, the accumulated surplus of the RFC on their normal loan and investment operations is very substantial, and I think the testimony shows this to be something over \$500,000,000.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. CASE of South Dakota. Mr. Chairman, I note that in section 4 of the bill the committee proposes to insert the phrase "to encourage small business" and that the Reconstruction Finance Corporation has taken over the operations of the Smaller War Plants Corporation. Under the language of the law setting up the Smaller War Plants Corporation it was permitted to make loans which had certain national defense values which authority I understand now is omitted. The problem arose in a particular instance which came to my attention this last week.

Mr. WOLCOTT. This language is to clarify any doubt as to whether they had authority to make loans to small business and to emphasize the fact that they have the authority to make loans to small business.

Mr. CASE of South Dakota. Is the committee doing anything to preserve the Reconstruction Finance Corporation authority to make loans which have a particular national defense value that the Smaller War Plants Corporation had?

Mr. WOLCOTT. No; there is nothing that specifically refers to the character of the small business to which they may make loans.

Mr. CASE of South Dakota. Did the committee give any consideration to the matter in connection with the strategic minerals program?

Mr. WOLCOTT. I may say, if the gentleman will permit me, that the matter was thoroughly discussed by the gentleman's committee in respect to the Commerce Department appropriation bill, and the gentleman's committee made no provision for the continuance of small-business activities in the Commerce Department; so we felt that that matter was rather res adjudicata as far as the House was concerned. There is now, I think, set up within the framework of the Reconstruction Finance Corporation a subagency for the purpose of buying surplus property for small business. We emphasized the fact that the authority of the Reconstruction Finance Corporation was broad enough to make loans to small industry and we put that language in here to emphasize the fact that we want to encourage them to make loans to small business wherever they could.

Mr. CASE of South Dakota. But the national defense angle was not considered?

Mr. WOLCOTT. Well, not alone. I assume that if a small business were operating in the national defense field that that surely would not be an obstacle to a loan but would further encourage the making of the loan.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself five additional minutes.

Mr. CASE of South Dakota. The point was not the program of acquisition of strategic minerals but of financing companies which were in that field.

Mr. WOLCOTT. There is no limitation upon the authority of the Reconstruction Finance Corporation to make loans in that field.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DONDERO. Mr. Chairman, I tried to follow the remarks of the chairman of the Banking and Currency Committee in his discussion of this bill. Am I right in saying that the bill simply extends the credit facilities of the RFC but does not put the Federal Government directly into the housing field, the construction or building of houses?

Mr. WOLCOTT. No; the Federal National Mortgage Association which I think the gentleman has in mind, provides a secondary market for the purchase of FHA-insured mortgages.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SNYDER. I am wondering about the termination of RFC after a 4-year period, whether or not we are not limiting its usefulness to small business in the matter of loans which they can negotiate.

Mr. WOLCOTT. Under the law they can make a loan within statutory limits without regard to the life of the Corporation. If RFC should be terminated 2 years from now, the loans might continue outstanding for some years beyond the life of the Corporation. After 4 years the further liquidation of the affairs of RFC are turned over to the Secretary of the Treasury provided of course that we let the RFC die in 2 years, which I doubt very much we are going to do. I think the RFC is with us for a great many years to come. It has served a very useful purpose in the past, and is serving a very useful purpose now.

Mr. SNYDER. Then, if I understand the gentleman correctly, they have 10 years in which to liquidate a loan which they might make within the next 2 years.

Mr. WOLCOTT. They have 2 years beyond the termination date of their power to make loans to liquidate them, and then, of course, the Secretary of Treasury takes over what is left of the liquidation projects.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. MARCANTONIO. I am sorry I was not here during the gentleman's entire presentation of the matter, but will

the gentleman explain with reference to the GI loans?

Mr. WOLCOTT. There is no provision in this bill for the rediscount or purchase of GI loans by the Federal National Mortgage Association, but I may say to the gentleman that we did give consideration to a secondary market for GI loans. We have the bill—S. 866—before the committee at the present time. This is the fourth day of the hearings. We are going to continue hearings until we have the matter adequately covered in order to have a thorough understanding of the problems. This is one of them. It is my personal hope that we can put GI mortgages in such condition that they will be comparable in the market to FHA mortgages, and then we can safely create a secondary market that will be of benefit to home construction. It will be of material benefit to the servicemen because it will give them reasonable assurance that the houses which they buy are going to stand up during the period of amortization.

Mr. MARCANTONIO. So that the subject of GI loans is being treated in another piece of legislation?

Mr. WOLCOTT. Yes. There are several bills now before the Banking and Currency Committee on that subject.

Mr. Chairman, the committee has a very, very deep regard for the Reconstruction Finance Corporation and its Chairman, John Goodloe. It is to be noted that John Goodloe, who has been with the Reconstruction Finance Corporation for many years in various capacities, then as general counsel, then as a member of the Board and finally as Chairman of the Board, finds it advantageous to leave the Government service and go with private enterprise. We cannot blame him at all for that. I think, however, that public recognition should be given to the work of John Goodloe as counsel and as Chairman of the Board of the Reconstruction Finance Corporation. I regret very much that he has found it advisable to leave Government service. He has been a splendid, efficient, honest, conscientious administrator and has cooperated splendidly with our committee. This perhaps raises the broader question that the Government will have to give further consideration to making Government service more attractive to men who have shown their efficiency in these Government positions.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JOHNSON of California. Mr. Chairman, I ask unanimous consent that I may extend my remarks at this point in the Record to commend the committee for bringing out this bill in its present form.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNSON of California. Mr. Chairman, I wish to commend the Committee on Banking and Currency and its chairman, the gentleman from Michigan [Mr. WOLCOTT], for bringing out this bill in its present form. The members of the committee will explain all the various provisions of the bill.

The particular provision that I have a personal interest in is section 5. The section, as it now reads, eliminates a proviso of section 8 of the original bill, which was placed in it in the last session of Congress. The effect of the reworded provisions of section 8 is that the RFC is taxed and its property is taxable by local subdivisions of a State the same as if the identical property were owned by a private individual. This happens to be very important to some of our California cities and counties. The proviso referred to eliminated from taxation fixtures, personal property, such as tools, and so forth. The effect of this proviso, had it remained in the law, would be to prevent the levying of taxes on property aggregating over \$30,000,000. Los Angeles County alone would lose \$20,000,000 taxable property from its tax rolls; Santa Clara County would lose \$6,000,000, and so forth. The exact amount which would be thus lost to taxation would run into a very high figure. The taxes collected from that property are used for the maintenance of local governments and the schools. The school system of California will benefit by the amendment which the committee placed in the bill or rather by the action that the committee took in eliminating the proviso in the previous bill.

I wish to extend the thanks of the local governments of California, and especially the thanks of the League of California Cities, which sponsored this amendment, for giving a receptive ear to the representations of the league representing the cities of California that the proviso be eliminated. To me as their spokesman, it was only common sense to provide that the Reconstruction Finance Corporation should be taxed in its ownership of property the same as an individual were he the owner of the identical property. That has been the policy of the Reconstruction Finance Corporation, and we think it is a sound policy. It is only natural that our local government should be pleased to know that the committee, and especially its chairman, the gentleman from Michigan [Mr. WOLCOTT], accepted the amendment which was suggested to correct the inequity which I have heretofore mentioned.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SPENCE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, it is essential that this bill be passed if the splendid services of the Reconstruction Finance Corporation are to continue, because under the existing law the functions of this Corporation will cease on June 30 of this year. It would certainly be a tragedy to see the Reconstruction Finance Corporation expire.

I am not going into detail to discuss the powers, the duties, and the financial transactions of the Reconstruction Finance Corporation because they have been explained to you by our distinguished chairman of the Committee on Banking and Currency. May I say that no corporation, no agency of Government, more richly deserves the respect and gratitude of the American people than the Reconstruction Finance Corpo-

ration. Its activities, both in war and in peace, have been essential to the welfare of the American people.

It was the offspring of disaster and depression. It was created in January 1932, at the nadir of the worst depression in the memory of living men, and probably the worst depression in our history. The banks of the country were collapsing like houses of cards. The banking holiday was declared. The banks were all closed at that time. A certain period was allowed for their examination and reorganization. Then the Reconstruction Finance Corporation went to the rescue of these financial institutions and saved them. The RFC advanced loans to make these banks again solvent and to allow them to perform the functions for which they were created. Shortly thereafter the Federal Deposit Insurance Corporation, which insured the funds of the depositors in these institutions, created a confidence and gave the institutions a stability which they had not theretofore enjoyed. Since that time bank failures have been almost nonexistent.

The distinguished chairman of the Committee on Banking and Currency said that he feels the purchase of preferred nonassessable stock gives the Corporation the power to socialize banking and financial institutions. I do not share his apprehension in that regard. It seems to me that the purchase of nonassessable preferred stock is similar to the purchase of debentures or capital notes. They have no voting power; they have no power to control the institutions. I have also heard it said that some of these institutions have endeavored to repurchase the stock and that they have been prevented from doing so. They were not prevented by the Reconstruction Finance Corporation failing to sell them when they offered to buy, but they may have been prevented by the Federal or local banking authorities not permitting them to use their funds to purchase this stock because it would weaken their financial structure. So I do not think that we need be apprehensive about any of the powers that have been granted to this Corporation. It was originally created to bail out the banks, the insurance companies, and the railroads which were in financial difficulties as a result of the depression, and it originally only did subserve the interests of the big institutions. But it was not until some years afterward that it was given the power to make loans to small enterprises and individuals.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SPENCE. Mr. Chairman, I yield myself three additional minutes.

I do not intend to indulge in partisan politics in this consideration, but I think this illustrates the fundamental difference between the two parties. When the Democratic Party came into power it gave this great organization the authority to give financial assistance to the individuals and small businesses. The Republican theory was that if the great corporations were prosperous, the individual did not need any help because he would share in the general prosperity. This Corporation has rendered a service not only to the big corporations, but

to the individuals and small businesses, and I do not think we need fear any socialistic tendencies gaining a hold on our Government by reason of the operation of this Corporation when the purpose is to subserve the general interest of the people. The interest of the state is the supreme law, and this great Corporation has subserved to a marked degree the interest of the Federal Government and the interest of the corporations and the interest of the plain people of America.

It has been managed with great ability. The present Chairman of the Board is now resigning his position and accepting a position in private enterprise at a great salary, which I am sure is the result of the splendid reputation he made in the service of his Government. He is to be commended for the fine services he has rendered to this Corporation through the years. He is a man of fine ability, of tact, of infinite good humor, who has every quality for success in every field of endeavor. I know he has the respect and the confidence of the Committee on Banking and Currency of the House, where he repeatedly appeared to advocate the interest of the Reconstruction Finance Corporation. The country owes him a debt of gratitude for the great services he has rendered. I know that we, who know him, wish him every happiness and success in his new field.

I have no doubt that there will be no vote against this bill. It is absolutely essential that this great Corporation should be continued. It is all proper that some of its powers and duties may be diminished at this time, but when a great emergency comes, if war should happen to come—and God forbid that it may—or if a depression should come, we would again need its services. The framework still remains and we can place within it the powers necessary for the best interest of the American people and our Government at any time we desire to do so.

I wish to comment on that portion of the committee report which sets forth the reasons why the committee amendment does not restore to the RFC the authority to purchase preferred stock of banks and insurance companies, as is proposed in the bill passed by the Senate. It will be recalled that this authority, which was first granted to RFC in the 1933 emergency, was terminated on June 30 last. With reference to the proposed restoration of this authority, the committee report says, at page 6:

This proposed stock-purchase authority is in conflict with the fundamental premise that RFC continue as a source of noncompetitive, supplemental credit rather than as a source of equity capital. It is the firm conviction of your committee that authority should not be lodged in the RFC to provide equity capital for business. It is a power which could be abused to effect socialization of important segments of our whole economy. Accordingly, the committee amendment does not include such authority.

Generally speaking, I agree that RFC should not be authorized to provide equity capital for business. But that is not at issue and no such authorization has been suggested. All that has been

proposed is that RFC be empowered to purchase, in the event emergency conditions require it, preferred stock of financial institutions. Actually, the purchase by RFC of preferred stock in such institutions is not a device by which they could obtain equity financing in the usual sense. In fact, it affords a useful means whereby RFC could provide financial aid in appropriate cases where aid in the form of a direct loan would not accomplish the desired purposes.

Apart from any question with respect to the merits of the proposal to restore the authority to purchase preferred stock of banks and insurance companies, the language of the committee report unfortunately conveys the impression that a restoration of this authority would create a real danger that the power would be abused by RFC to effect socialization of our credit system. I do not believe that the committee intended to convey any such impression since the record shows that the RFC actually did have the authority for 15 years, that it exercised it wisely and in the public interest, and that there was never any suggestion of abuse of this power.

The facts are that RFC purchased preferred stock, capital notes and debentures from 6,104 banks in the total amount of \$1,171,411,111.56, yet there was never any suggestion that the RFC, in carrying out this essential program, attempted either to socialize the banking system or to dictate to local interests, or to do anything else of that sort. It is of considerable interest, in this connection, that the superintendent of the insurance department of the State of New York, the Honorable Robert E. Dineen, recently stated, to the Senate Committee on Banking and Currency, and I quote:

For the reasons advanced we recommend that the Reconstruction Finance Corporation again be vested with authority to assist insurance companies through the preferred-stock medium. . . . Through the wise use of its powers in the past, the Reconstruction Finance Corporation has kept intact many large and small units of the insurance business. In so doing it has preserved that part of our private-enterprise system, for, as we have shown, the alternative to any considerable default by private companies would most probably be a demand for a system of Government insurance. . . . Most important of all, the assistance so rendered was unobtainable from any other source, and if the RFC had not been empowered to act, the many tragic consequences to which we have referred would surely have followed.

No one in this House is better informed regarding the RFC and its operations than the distinguished chairman of the Banking and Currency Committee, the gentleman from Michigan [Mr. Wolcott]. In commenting on this very matter during the extensive hearings on the RFC which were held last year, the gentleman from Michigan [Mr. Wolcott] said, and I quote from page 151 of the printed hearings:

I want to say publicly that it is to the credit of the Reconstruction Finance Corporation that it never took full advantage of its position to socialize banking and credit in this country when it had the power and

funds to do so . . . they could have socialized banking back in from 1935 to 1940, perhaps, under the authority contained in the Reconstruction Finance Corporation Act, as far as the amount of money which they had available to do it with is concerned. They did not do it. And I think we should give credit where credit is due.

Mr. SPENCE. Mr. Chairman, I yield 7 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, I want to second the remarks that have been made by the distinguished chairman and the ranking Democratic member, the gentleman from Kentucky [Mr. SPENCE], as to our regard on the Committee on Banking and Currency for a job well done by the Reconstruction Finance Corporation.

Coming in at the last part of the depression and following their activities through the preparations for war through the mammoth project and contributions this agency made toward winning the war by being able to cut across "red" tape with efficient and effective financing and good management and then through the postwar period I doubt if any agency of Government has proved itself more valuable or more useful to the Nation and to the people than the Reconstruction Finance Corporation.

I join my distinguished colleagues in our praise for Mr. Goodloe the retiring Chairman of the Board of the Reconstruction Finance Corporation. Mr. Goodloe by normal ideas of age in Government is a young man who has distinguished himself in his ability to run a mammoth organization rendering public service and still keeping that organization completely on the beam at all times along the line that Congress intended for it to operate.

I wish more departments of Government could maintain the close liaison and consideration for what Congress has in mind that the Reconstruction Finance Corporation has been able to maintain through the years. I think that is due in large part to the distinguished men who have headed up the RFC to the esprit de corps and the careful choice of personnel. Young men can get ahead in RFC, and do, as demonstrated by Mr. Goodloe's outstanding success in that organization.

I agree with the distinguished men who have preceded me that it is absolutely essential at this time to continue the operations of the Reconstruction Finance Corporation. I intend to support this bill. I do intend, however, to offer an amendment which I believe will have the almost unanimous support of the members of the Committee on Banking and Currency, in order to provide that we shall have an adequate amount in the bill for the financing and purchase of bonds and securities of small municipalities and other municipal subdivisions of government.

The bill provides, as it is before you, a ceiling of \$125,000,000 in the category of these municipal subdivision bonds. The Reconstruction Finance Corporation cannot buy these bonds unless, as the bill states, the financial assistance applied

for is not otherwise available on reasonable terms. So this can be in no way in competition with private money lenders or private bond brokers.

There is a problem, however, that I believe is going to face the small municipalities who are hopeful of building hospitals under the Burton-Hill Hospital Act, who are trying to put in new water systems, who are trying to build bridges and make other improvements.

Everyone knows that the money market is beginning to tighten up. You also know and must be reasonable enough to understand that the smaller the municipality the less credit experience it has had with investors, and the more difficult and more expensive it is to sell bonds, and the more conditions will be placed upon these small subdivisions of government.

The bill provides a \$125,000,000 ceiling for this type of municipal securities. This type of securities has always been handled by the Reconstruction Finance Corporation. I do not believe generally a ceiling has been placed on it unless in 1 or 2 years it may have been placed in an appropriation bill by the Corporations Appropriations Subcommittee.

Mr. SCHWABE of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Oklahoma.

Mr. SCHWABE of Oklahoma. The securities the gentleman has reference to will be within the limitations of law and qualified otherwise?

Mr. MONRONEY. Certainly.

Mr. SCHWABE of Oklahoma. This will merely be the outlet for them?

Mr. MONRONEY. This is a secondary market, where they cannot find other places. The bill strictly provides that these loans must be of such sound value and so secured as reasonably to assure retirement and repayment. Such loans may be made either directly or indirectly, and so on, in cooperation with banks.

Roughly, the \$125,000,000 ceiling placed herein is almost all gone today. They have on hand now 10 projects, which total \$26,000,000, a large portion of that being the Triborough Bridge project in New York. They are now getting a final review and consideration of 32 projects which total \$74,000,000 which brings you up to \$100,000,000, and you still have better than a year to go under this limitation of \$125,000,000.

They also have 160 projects pending, totaling \$157,000,000, which gives you an over-all demand for consideration of \$257,000,000 of projects, working against a \$125,000,000 ceiling on these municipal-type securities.

I believe \$200,000,000 will give them enough elbow room to screen the poor ones and take the good ones for which other financing cannot be found. I believe it is one of the major purposes of the Reconstruction Finance Corporation to make possible help in the construction of these projects. If you will look at these 160 projects that are applied for, you will find countless ones, totaling \$400,000 or \$500,000, for waterworks systems for small municipalities, for hospitals, for dormitories, and things of that kind seeking help in this period of reconstruction.

I believe the experience of the Reconstruction Finance Corporation, which under this section has during the years past handled \$316,000,000 worth of these municipal bonds, shows that they have seasoned these securities. They take them only until the communities establish their credit rating and show that they are able to pay out these bonds; then they sell the securities to private investors. They merely act as a seasoning agency. They have handled \$316,000,000 worth of these, and the RFC says the record of repayments and sales has been extremely favorable. In other words, the Government made money out of this operation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, I think the time has come to enlighten the House of this legislation. When in 1929 I observed the fast-approaching danger of financial collapse, which was borne out by the action of the New York banks and investment companies by drawing on the smaller city and country banks throughout the United States and using the small bankers as their tools to unload upon their depositors many worthless stocks and bonds, I sensed that unless a firm position was taken by the Government a more serious panic was inevitable which would engulf our whole financial structure. As the bankers throughout the country started to collect their loans and ask for additional collateral on loans that they had made to their depositors and clients on the securities they helped unload on them through the influence of the Wall Street manipulators, and even before the first real break came in 1929 due to continuous demand for additional security, the banks commenced to sell the collateral and thereby influenced the break in the market. The Wall Street manipulators, also sensing the situation, started to sell stocks which they did not own, selling them short and thereby unfavorably affected the security market.

I addressed myself to the stock exchange and urged the officials and directors to stop the destructive short-selling practice, but instead of taking my advice they used the radio and other means of publicity in assailing me by saying that short selling served as a "cushion," of which fact I had no knowledge. After many long-distance conversations with Mr. Whitney, president of the New York Stock Exchange, and other representatives, I wired that if not in the interest of the country then they, in the interest of the exchange itself, should stop the practice of short-selling and wash sales. Having failed in my efforts to have Mr. Whitney and the stock exchange to act, I appealed to President Hoover and had a conference with our former colleague, Hon. Ogden Mills, then Secretary of the Treasury, and with Mr. Newton, President Hoover's secretary, also a former colleague of ours, and was led to believe that the President would order the suspension of all stock exchange activities for 3 or 4 months. However, the President, after being visited by Mr. Morgan, Mr. Whit-

ney, and a few other Wall Street gentlemen, failed to act.

Conditions went from bad to worse. Most of the banks were calling their loans and were unable to make new loans, especially to the smaller businessmen and manufacturers, and they were obliged to close their doors and restrict their operations and enterprises.

To relieve and aid the small-business men, I introduced a bill early in 1931 and again on December 9, 1931. The latter bill, H. R. 5116, was drafted along the lines of the War Finance Corporation Act, which was enacted during the First World War to aid the small manufacturers and others in the production of war materials. Unfortunately, I did not obtain a hearing on H. R. 5116 until 4 months after its introduction and, regrettably for the country, the officials of the Republican administration withheld action on it until close to the Presidential election, believing it would then aid the country and help the Republican Party. I was delighted when the bill was passed, but, unfortunately, it was vetoed because President Hoover insisted that the bill should be restricted to loans to municipalities unless the projects would be self-liquidating. It was impossible for municipalities and States to place themselves in position to show that the loans were needed for self-liquidating projects or could be made self-liquidating. If consideration of the bill had not been delayed until the Presidential election year of 1932, I believe that even then we could have saved millions and millions of people from grave losses as well as averting the great panic that took place.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. WOLCOTT. Mr. Chairman, I yield five additional minutes to the gentleman from Illinois.

Mr. SABATH. I thank the gentleman from Michigan [Mr. Wolcott].

Finally, we passed the RFC Act. It has had a wholesome effect.

My aim, of course, was to aid small business that was on the verge of bankruptcy. However, under the leadership of the then chairman of the Reconstruction Finance Corporation, Hon. Charles G. Dawes, former Vice President of the United States, one of the first loan applications to be considered was one from Mr. Dawes' own bank in Chicago which sought a loan of \$90,000,000. Officials of the RFC telephoned me at midnight to ascertain if I would raise any objection to such loan or similar loans to banks in dire straits. I assured them, realizing the extremely dangerous conditions that existed, that I would not object provided that the smaller outlying banks and rural banks would be given proportionate loans or aid. There was an understanding and agreement that at least half of the total loan, approximating \$40,000,000, would be allocated to save the small banks. But that agreement was not kept and unfortunately within a few days in Chicago alone 42 of the outlying banks had to close their doors because of failure of this unkept promise.

I am familiar with this legislation. I think the legislation has done tremendous good with the exception that the

management from time to time did not give that consideration to small business that it was my aim and hope it would receive. Surely the banks received loans, as well as insurance companies, and most of them I would say needed them because they were also on the verge of bankruptcy. They were insolvent because the securities they held were not worth more than 25 cents on the dollar. The same thing applied to the railroads. So I did not object so much to making the loans to the railroads, to the banks, and to the insurance companies, but I did resent and criticize the failure to aid small business. Finally we amended the law and ultimately passed a law known as the Smaller War Plants Corporation Act to take care of the smaller fellows and even authorized the Federal Reserve Board to make loans. Notwithstanding the shortcomings of the Federal Reserve Board, it has done a great deal of good.

I think the bill before us carries some splendid restrictions and I congratulate the committee on the restrictions they have placed in the bill.

The extension of the life of the RFC is in the right direction, but I do hope that the members of the Committee on Banking and Currency will insist and demand that loans to small business shall be given the same consideration as given those who come asking for loans of millions of dollars.

I realize that nearly all the loans have been repaid to the RFC, even as the loan that was made to its first Chairman, Mr. Dawes; but the smaller loans would also have been repaid and thousands of smaller businessmen and bankers could have been saved. So, taking everything into consideration, I can say that I am immensely pleased that years ago I possessed the foresight in urging this constructive legislation that has accomplished so much good and without any actual loss to the Government.

Mr. Chairman, I believe that the House Committee has, by adopting many amendments, strengthened the Senate bill. However, I regret that the committee did not embody a provision to eliminate the so-called advisory boards which the RFC established that invariably operated against the small loans. I feel that the big corporations doing business with the bankers who acted as advisory boards are responsible for the great delay and, in many instances, the refusal of small loans to the smaller businesses. This policy, I hope, will be eliminated because I feel that the members of the RFC and most of its employees are men who formerly were bankers or connected with banks. They possessed sufficient ability and experience not to be subjected to the whims and wishes of these big bank advisory boards. From its very inception it was feared that this legislation would operate against the interest of the private banks. However, these criticisms and fears were erroneous because even the largest bankers had to be aided and assisted by the RFC without which many of them that were not closed before would have been obliged to close their doors.

I make this observation on the history of this legislation today not for the purpose of self-glorification, but to show

that had my advice and urgent pleas been heeded and timely acted upon without persistent delay on the part of the Republican administration, thousands of institutions could have been saved, millions of people would not have lost all their life savings, and thousands of farmers would not have lost their farms by foreclosure.

Mr. WOLCOTT. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I think the gentleman from Illinois [Mr. SABATH] can justly take pride in his interest and participation in creating and maintaining the Reconstruction Finance Corporation because of the very splendid record which this Corporation has made since its organization.

Every few years we have to bring ourselves up to date on the so-called Dawes loans. I wish to read from the hearings in respect to the Dawes loans what is the most recent report on it:

Mr. BUCHANAN. In the case of the so-called Dawes bank, just what is it that is outstanding there?

Mr. GOODLOE. That loan—I believe there were two loans, the aggregate of which was \$90,000,000. That, however, was not a preferred-stock deal and was never included within the category of the figure to which you are referring. That was a loan to a newly organized bank to take over the selected assets of the old bank, and the other assets were liquidated. That was a loan of \$90,000,000.

As you recall, there was a long and expensive period of liquidation on it. There was much litigation with reference to stockholders' liability. There was repaid, on that loan, in round figures, \$105,000,000. There was a certain residual amount of assets which, in order to terminate the expense of the receivership and get it out of court, we bought for an appraised value, so that whatever we get out of those do not count in the \$105,000,000 liquidation from the bank itself.

That \$105,000,000 is equivalent to getting back all of the principal—\$90,000,000—all of the expense incident to the liquidation and an amount equivalent to about 2½ percent interest on the amount of the loan.

I want to be perfectly clear on that, however. By that calculation you apply your payments on principal, then on expenses, then on interest. Whereas, if you applied your payments on interest first it would still leave an unpaid portion of the principal.

Mr. Chairman, in substance the so-called Dawes loans of \$90,000,000 have been paid back in full with \$15,000,000 additional which for all practical purposes is a \$15,000,000 profit to the Reconstruction Finance Corporation on the loan.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SPENCE. Mr. Chairman, I yield the remaining time on this side to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, may I say that Mr. Goodloe, Chairman of the Board of the RFC, deserves the splendid compliment paid him by the distinguished gentleman from Kentucky, the distinguished gentleman from Oklahoma, and others.

Mr. Chairman, the bill we are considering makes very few changes in the present law.

Under the present law, the succession and the powers of the RFC terminate June 30, 1948. The pending bill extends the powers granted to the Corporation

until June 30, 1950, and its succession until June 30, 1952, thus providing a 2-year period after the termination of the Corporation's powers for the liquidation of its business.

The capital stock of RFC is reduced from \$325,000,000 to \$100,000,000, and hereafter within 6 months after the close of each fiscal year the Corporation would be required to pay into the Treasury the amount by which its accumulated net income exceeds \$400,000,000. Under these two provisions, the RFC will pay into the Treasury as miscellaneous receipts, during the coming fiscal year, approximately \$375,000,000.

The terms of the present directors would be extended from January 22 to June 30, 1950; the terms of directors first appointed after June 30, 1950, would be staggered; and thereafter directors would be appointed for 3-year terms instead of 2 years as at present.

Under the present law, the total amount of investments, loans, purchases, and commitments made subsequent to June 30, 1947, may not exceed \$2,000,000,000 outstanding at any one time. Under the pending bill, this is reduced to one billion five hundred million.

The record of achievement of the Reconstruction Finance Corporation since its creation in 1932, is one of consistent and effective contribution to the welfare of the country and the maintenance of a sound economy.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I know something of the substantial contribution of the gentleman from Georgia to making a success of the Reconstruction Finance Corporation program and I agree with him that it has been a success.

I wish the gentleman would permit me to inquire at this time about a matter which disturbs me somewhat. I understand the present bill does not provide a secondary market for GI home loans through the RFC. It had been thought that the provision would be in the bill. I think this secondary market should be provided in the measure before us and I shall support an amendment to that effect.

Mr. BROWN of Georgia. It does not provide for a secondary market for GI home loans, but it does provide a secondary market for FHA title II and title VI insured loans. The chairman stated in the committee that the proper place for provision for a secondary market for the GI loans would be in the housing bill we are now considering and that this matter would be taken care of in the bill. That is the reason no amendment was offered in the committee to the present bill.

Mr. MAHON. In view of all the controversy about the housing bill, does the gentleman feel that he can assure the House of Representatives that we will get a chance to vote on the type of legislation to which I have referred?

Mr. BROWN of Georgia. I hope the gentleman will have the opportunity.

In the past 16 years the Congress, in its efforts to strengthen and preserve our system of free enterprise, has called

upon the RFC to perform many important functions.

When the Reconstruction Finance Corporation was first established, this country was on the verge of national bankruptcy. Fear had spread through the land, a paralyzing fear that our economy was doomed to destruction by forces which it seemed powerless to halt. In this critical period the RFC acted promptly, effectively, and boldly. Armed with the financial resources needed to fight the battle against depression, RFC was able to bring effective aid to the Nation's banks, insurance companies, railroads, and numerous other business enterprises. The billions of dollars which were provided through loans and other forms of financial assistance saved thousands of financial institutions, railroads, and other business enterprises from destruction. Of even greater importance, viewed in terms of the broad national interest, the savings and investments of millions of our citizens were protected and preserved, and confidence and courage returned to the cities and farms of America.

At the risk of repeating much that has been said in the past, it seems appropriate to mention briefly a few of the major achievements of the RFC during the relatively brief period of its existence, achievements which are reflected in the high standard of living enjoyed in America today. In 1933 prompt action by the RFC helped to preserve the Nation's banks, thus saving millions of depositors from financial ruin. Hundreds of millions of dollars of the people's savings which had been invested in homes, farms, and other property were saved by RFC's purchase of mortgages during the grim days of the depression. The unfortunate victims of floods, storms, hurricanes, and other natural catastrophes were provided with funds for a fresh start. Many of the country's railroads, vital to our economic well-being, were saved from bankruptcy and restored to financial stability, enabling them to perform their vital role in the trying period which followed Pearl Harbor. Thousands of enterprises, large and small, were able to continue in business because the RFC came to their assistance at a time when the financial help which they needed was not available through normal channels. Without question, the operations of the RFC during the thirties contributed in no small measure to the ability of the United States to meet successfully the problems created by the outbreak of war.

In 1940, and in the years that followed, the Congress of the United States frequently turned to the RFC as an agency well qualified to perform many of the difficult tasks required to prepare the country for the severe trials which lay ahead. The Congress provided the Corporation with broad powers, probably broader than any ever before granted to an agency of the United States, and those powers were used wisely in the national interest. The investigations of its operations which have recently been conducted have served to justify the trust and confidence in the RFC. There is not a scintilla of reliable evidence that any of the powers conferred upon the

Corporation has been abused. As one who has served on the Banking and Currency Committee for many years, participating closely in the discussions with respect to the granting of these broad powers, I am proud of the outstanding record of performance and integrity which the RFC has achieved in 16 years of service to the Nation.

There is one aspect of RFC's activities which should be emphasized. It has demonstrated its ability to work with private industry on a basis of mutual respect and confidence.

In its normal lending operations, in the interest of effective public service and economy of operations, it has successfully enlisted and utilized the services of local banking institutions. This has been achieved through such sound devices as the program of participation with banks in extending financial assistance to business enterprises.

During the war years, the degree of cooperation with industry in expediting the national defense program largely explains the gratifying record of success in those vast undertakings. The work of the War Damage Corporation is a good illustration of a wartime endeavor in which RFC and the insurance industry cooperated in a successful effort to meet a national problem. War Damage Corporation, a subsidiary of the RFC, created in December 1941, was established for the purpose of providing our people with financial security against property loss or damage that might be caused by enemy attack. The potential risks were of such magnitude and the entire program was so vast in scope that no private insurance company could undertake the program and assume the risks. More than 8,700,000 policies or certificates were issued, representing a potential liability of approximately \$140,000,000,000. This vast program was carried out expeditiously and efficiently because the RFC commanded the respect of the business community and was able quickly to enlist the facilities and cooperation of 546 fire and 88 casualty and surety insurance companies in receiving applications and premiums and issuing policies. After it was all over and after having provided millions of American property owners with war-damage protection at a relatively low cost, the RFC paid into the Treasury of the United States \$209,827,810, representing the net profit realized from this operation, after payment of all expenses including fair compensation to the insurance companies for their services.

RFC's history demonstrates conclusively that there is a continuing need for a source of credit to supplement that which private lending institutions can or are willing to supply. In the field of small business, particularly, it is needed. The very survival of thousands of our small business enterprises depends on long-term and intermediate credit being supplied at the right time and on reasonable terms. The importance to the Nation of this segment of our economy is known to all of us. We are agreed that it must be strengthened and preserved, not only because of its contribution to steady employment in local communities, but because the preservation of our

American system of democracy and free enterprise requires that there always be afforded full opportunity to individuals with small means to establish and operate their own enterprise.

Recognizing the special needs and importance of small business, section 4 of the bill as reported states specifically that one of the purposes for which loans may be made is "to encourage small business." While in the past 90 percent of all RFC loans have been in amounts of \$100,000 or less, it is nevertheless desirable that the Congress give formal recognition and special attention, in RFC's basic law, to the need for these small loans.

In the over-all administration of RFC's normal peacetime lending operation, there has resulted a profit of over one-half billion dollars. Mind you, this has been accomplished in fields where private credit has not been otherwise available. It shows conclusively that RFC loans can be made on a sound business basis without undue risk to the taxpayer. Moreover, the RFC has consistently followed the policy of disposing of its loans and investments at the earliest practicable moment which is consistent with the public interest. This commendable policy results in the substitution of private investment for Government funds whenever conditions permit, as is shown by the table which appears at page 6 of the committee report, showing the amounts disbursed in the various loan and investment categories from organization of the Corporation in 1932 to February 29, 1948, and the remaining balance outstanding on February 29, 1948.

For example, this table shows that while there has been disbursed to banks and bank receivers a total of \$2,198,202,000, the outstanding balance on February 29, 1948, was only \$778,000—less than one-twentieth of 1 percent of the total amount disbursed. Another example is the case of mortgage-company loans of which a total of \$250,833,000 has been disbursed. The outstanding balance of such loans on February 29, 1948, was only \$38,000. Loans on and purchases of preferred stock of banks and insurance companies have totaled \$1,222,715,000, but the outstanding balance on February 29 last was only \$142,158,000.

The RFC is also to be commended for its effective internal administration, where sound business methods have been successfully applied. For example, in 1938 its total personnel numbered 3,800. Then with the beginning of the national-defense program in 1940, this was rapidly increased until in 1946 the personnel numbered 12,265. With the end of the war the gigantic task of liquidation of RFC's war operations was begun and is rapidly being concluded. Personnel now numbers 5,700, of whom 1,500 are engaged in completing the war-liquidation job. This action on the part of the Corporation to reduce its overhead costs, at the same time maintaining its efficiency and ability to discharge its current responsibilities is refreshing.

Last year when the bill providing for the extension of the life of RFC was before the House, I called attention to the troubled world situation and pointed out

that we would be most shortsighted if we permitted the one agency of the Government which by experience and ability is qualified to meet emergency situations, to end its useful service to the country. Today, the international situation is more unsettled than a year ago, and none of us know what the future may bring. The reasons I advanced last year for preserving intact the RFC organization, with its competence and flexibility, are as compelling now as they were then.

The CHAIRMAN. Under the rule, the committee substitute is to be considered as an original bill for the purpose of amendment.

The Clerk will read the committee substitute for amendment.

The Clerk read as follows:

That section 1 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 1. (a) There is hereby created a body corporate with the name 'Reconstruction Finance Corporation' (herein called the Corporation), with a capital stock of \$100,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the Board of Directors. This act may be cited as the 'Reconstruction Finance Corporation Act'.

"(b) Within 6 months after the close of each fiscal year the Corporation shall make a report to the Congress of the United States which shall contain financial statements for the fiscal year, including a balance sheet, a statement of income and expense, and an analysis of accumulated net income. The accumulated net income shall be determined after provision for reasonable reserves for uncollectibility of loans and investments outstanding. Such statements shall be prepared from the financial records of the Corporation which shall be maintained in accordance with generally accepted accounting principles applicable to commercial corporate transactions. The report shall contain schedules showing, as of the close of the fiscal year, each direct loan to any one borrower of \$100,000 or more, each loan to any one borrower of \$100,000 or more in which the Corporation has a participation or an agreement to participate, and the investments in the securities and obligations of any one borrower which total \$100,000 or more. Within six months after the end of each fiscal year, beginning with the fiscal year ended June 30, 1948, the Corporation shall pay over to the Secretary of the Treasury as miscellaneous receipts, a dividend on its capital stock owned by the United States of America, in the amount by which its accumulated net income exceeds \$400,000,000.

"(c) Within sixty days after the effective date of this amendment, the Corporation shall retire all its outstanding capital stock in excess of \$100,000,000 and shall pay to the Treasury as miscellaneous receipts the par value of the stock so retired."

SEC. 2. Section 2 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. The office of director shall be a full-time position. The term of the incumbent directors is hereby extended to June 30, 1950. As of July 1, 1950, two directors

shall be appointed for a term of 1 year, two directors shall be appointed for a term of 2 years, and one director shall be appointed for a term of 3 years. Thereafter the term of the directors shall be for a term of 3 years, but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur in the office of director other than by expiration of term, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. After the confirmation of the directors by the Senate, the President shall designate one of the directors to serve as chairman for a period coextensive with his term as director. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum."

SEC. 3. Section 3 (a) of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 3. (a) The Corporation shall have succession through June 30, 1952, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this act or in the Government Corporation Control Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this act and the manner in which they shall be incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public lands, and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition. The Corporation shall also be entitled to the use of the United States mails in the same manner as the executive departments of the Government. Debts due the Corporation, whether heretofore or hereafter arising, shall not be entitled to the priority available to the United States pursuant to section 3466 of the Revised Statutes (U. S. C., title 31, sec. 191) except that the Corporation shall be entitled to such priority with respect to debts arising from any transaction pursuant to any of the following acts or provisions in effect at any time: Sections 5d (1) and 5d (2) of the Reconstruction Finance Corporation Act added by section 5 of the act entitled 'An act to authorize the purchase by the Reconstruction Finance Corporation of stock of Federal home-loan banks; to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes', approved June 25, 1940 (54 Stat. 573); sections 4 (f) and 9 of the act entitled 'An act to mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for other purposes', approved June 11, 1942 (56 Stat. 354, 356); section 2 (e) of the Emergency Price Control Act of 1942

(56 Stat. 26); the Surplus Property Act of 1944 (58 Stat. 765 and the following); sections 11 and 12 of the Veterans' Emergency Housing Act of 1946 (60 Stat. 214, 215); and section 403 of the Sixth Supplemental National Defense Appropriation Act (56 Stat. 245)."

SEC. 4. Section 4 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"Sec. 4. (a) To aid in financing agriculture, commerce, and industry, to encourage small business, to help in maintaining the economic stability of the country, and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) to purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads engaged in interstate commerce or air carriers, engaged in air transportation as defined in the Civil Aeronautics Act of 1938, as amended, or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of such railroads or air carriers which are not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) to make loans to any financial institution organized under the laws of any State or of the United States.

"(3) in order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) States, municipalities, and political subdivisions of States; (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects;

"(4) to make such loans as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) The powers granted in section 4 (a) of this act shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(2) No loan, including renewals or extensions thereof, may be made under sections 4 (a) (1), (2), and (4) for a period or periods exceeding 10 years and no securities or obligations maturing more than 10 years from date of purchase by the Corporation may be purchased thereunder: *Provided*, That the foregoing restriction on maturities shall not apply to securities or obligations received by the Corporation as a claimant in bankruptcy

or equitable reorganization or as a creditor in proceedings under section 20 (b) of the Interstate Commerce Act, as amended: *Provided further*, That any loan made or securities and obligations purchased prior to July 1, 1947, may in aid of orderly liquidation thereof or the interest of national security, be renewed or the maturity extended for such period not in excess of 10 years and upon such terms as the Corporation may determine: *Provided further*, That any loan made under section 4 (a) (1) for the purpose of constructing industrial facilities may have a maturity of 10 years plus such additional period as is estimated may be required to complete such construction. The Corporation may, in carrying out the provisions of subsection 4 (a) (3), purchase securities and obligations, or make loans, including renewals or extensions thereof, with maturity dates not in excess of 40 years, as the Corporation may determine.

"(3) In agreements to participate in loans, wherein the Corporation's disbursements are deferred, such participations by the Corporation shall be limited to 75 percent of the balance of the loan outstanding at the time of the disbursement.

"(c) The total amount of investments, loans, purchases, and commitments made subsequent to June 30, 1947, pursuant to section 4 shall not exceed \$1,500,000,000 outstanding at any one time: *Provided*, That the aggregate amount outstanding at any one time shall not exceed under subsection (a) (4) \$25,000,000 and for construction purposes under subsection (a) (3) \$125,000,000.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section 4 shall terminate at the close of business on June 30, 1950, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this act, the term 'State' includes the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands."

SEC. 5. Effective as of midnight June 30, 1947, the first sentence of section 8 of the Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows: "The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed."

SEC. 6. Subsection (m) of section 206 of title II of the joint resolution entitled "Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation", approved June 30, 1947 (Public Law 132, 80th Cong.), is amended to read as follows:

"(m) The first section and sections 2, 3, 9, 11, and 13 of the act approved January 31, 1935 (49 Stat. 1), as amended."

SEC. 7. Section 209 of title II of the joint resolution entitled "Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation", approved June 30, 1947 (Public Law 132, 80th Cong.), is amended to read as follows:

"SEC. 209. During the period between June 30, 1948, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1949, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1948, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1949."

SEC. 8. The third paragraph of section 24 of the Federal Reserve Act, as amended by section 328 of the Banking Act of 1935, as amended, is hereby amended to read as follows:

"Loans made to established industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate."

Mr. WOLCOTT (interrupting the reading of the committee substitute). Mr. Chairman, I ask unanimous consent that the further reading of the committee substitute be dispensed with and that it be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MONRONEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MONRONEY: On page 24, line 12, after "subsection (a) (3)" strike out "\$125,000,000" and insert "\$200,000,000."

Mr. MONRONEY. Mr. Chairman, this is the amendment I discussed in general debate, to increase the amount of municipal subdivision bonds that the Reconstruction Finance Corporation may hold at any one time from \$125,000,000 to \$200,000,000.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Michigan.

Mr. WOLCOTT. As far as I am personally concerned there should be no objection to the gentleman's amendment. I cannot speak for the committee, but as I understand the amendment it does not earmark specifically for this purpose \$200,000,000, it merely authorizes that much borrowing power to be used for that purpose.

Mr. MONRONEY. That is exactly right. May I say also that it does not raise the total amount that the Reconstruction Finance Corporation may operate under, it merely increases the elbow room for the municipalities that are

liable to need some kind of emergency market.

Mr. Chairman, I ask that the amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was agreed to.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to ask the chairman of the committee certain questions. I should like to have the chairman refer to the language in section 4, the committee report on page 15, which appears in italics:

SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to encourage small business—

As I understand the report, the language "to encourage small business" is new language which has been written into the law through the amendment of section 4. That is correct, is it not?

Mr. WOLCOTT. Yes. We were of the opinion that the Reconstruction Finance Corporation has had authority right along to make small-business loans, but we wanted to emphasize our intent with respect to loans to small business. For that reason we added this language to remove any uncertainty in respect to their authority to make loans to small business.

Mr. CRAWFORD. I think the committee should be congratulated for making that change and for placing that emphasis on this particular phase of the work of the RFC.

There is some additional language on page 22 of the bill, lines 13 to 24 inclusive, which I should like to have the chairman comment on as briefly as he cares to, referring to paragraphs 1, 2, and 3 of subsection (a) of section 4. How does that relate to loans made—if I make myself clear?

Mr. WOLCOTT. If the gentleman is still discussing small-business loans, they are not distinguished in category from any other loans, and this standard contained in subsection I of section (b) of section 4 would apply to small-business loans and all other loans made by the Corporation for the purposes set forth in subsections I to III. The gentleman will notice that subsection 4 is not included, which provides "to make such loans as may be determined to be necessary or appropriate because of floods or other catastrophes." We have set aside substantially \$25,000,000 for that purpose.

Mr. CRAWFORD. I believe that is an answer to that question.

Now on page 45 of the bill, lines 8 to 10, inclusive, I find this language in subparagraph (g), "as used in this act, the term 'State' includes District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands."

I wish to make this specific inquiry: Recently in presenting some Virgin Islands matters before the Committee on Appropriations, the chairman of the Subcommittee on Appropriations raised the question as to why the House Committee on Territories and Insular Affairs should be requesting legislation permitting the Virgin Islands Company to make loans such as agricultural and business

loans in the Virgin Islands, when we had the Reconstruction Finance Corporation organized and operating as it has been for the last few years. I stated to the chairman, the gentleman from Missouri [Mr. FLOESER], that I had no objection whatsoever to the Reconstruction Finance Corporation making the loans and leaving out of the proposed act the power for the Virgin Islands Company to make the loans. The Reconstruction Finance Corporation was approached and in the course as I understand the procedure, this language which I have just read was written into the Senate bill. I wish to inquire of the chairman of the House committee as to whether or not in his opinion the Reconstruction Finance Corporation under section 4 and under this bill as here presented is thoroughly authorized to make small business loans and loans for agricultural purposes in the Virgin Islands. Specifically in the opinion of the chairman, is this language sufficiently broad to authorize the Reconstruction Finance Corporation to make loans for business purposes, that is, small loans and loans for agricultural purposes in the Virgin Islands under the terms of the proposal as set forth here.

Mr. WOLCOTT. Wherein the Reconstruction Finance Corporation is authorized to make loans to agriculture and business in any part of the continental United States or Territories under existing law, they would now be permitted to make the same type of loans under the same standards in the Virgin Islands. It is our intent to include the Virgin Islands on the same basis as the continental United States and the District of Columbia, Alaska, Hawaii, and Puerto Rico have been included under existing law. The only addition that we made was to include the Virgin Islands, and we intended to include them in the same category as the States and Territories.

Mr. CRAWFORD. I thank the gentleman.

Mr. EBERHARTER. Mr. Chairman, I move to strike out the last two words and ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

THE TRADE-AGREEMENTS PROGRAM AND THE EUROPEAN RECOVERY PROGRAM

Mr. EBERHARTER. Mr. Chairman, I take this time this afternoon to speak on the subject of the trade-agreements program and the European recovery program.

As the time for consideration of the renewal of the Trade Agreements Act approaches, there are many disturbing reports about what may happen to this keystone of our economic foreign policy. For example, I find in the press such alarming statements as: "European recovery may be stopped before it starts by high-tariff Congressmen." Now the European recovery program has been based on agreements at world trade conferences that participating countries would lower their trade barriers. Any curtailment of our own part in this movement would seriously weaken the posi-

tion of the United States. The reduction of trade barriers in order to influence the interchange of goods and services was considered paramount by the Committee on Foreign Relations of the other body, when it wrote into the European recovery program bill the following language:

Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is the hope of the people of the United States that these countries through a joint organization will exert sustained common efforts which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity.

Thus European countries are not only encouraged to trade with one another but should be encouraged to take steps to lower tariffs and other barriers to the expansion of trade between themselves and with the rest of the world. The United States with its commitments has a large stake in European recovery. If European countries, weakened by hunger and want, should have been permitted to succumb one after another to totalitarian pressure, America's national security would have been jeopardized. The hope of freemen everywhere for liberty and peace can be realized only with economic prosperity and political stability in Europe.

This matter of international trade is so vitally important to us that I want to take a little time to review the European trade situation.

Before the war, Europe was a keystone in the world economic structure. European countries conducted over one-half of the world's foreign trade. Europe was the principal market, not only for United States exports but also for the exports of South America and Asia. The purchasing power of South America and Asia to buy our exports depended upon their ability to sell their own products in Europe. Before the war, European ships carried over two-thirds of the world's total foreign trade. Europe's industrial production exceeded that of the United States.

The war disrupted European economic life. European factories, which used to produce for export—thereby helping Europe pay for its necessary imports—were bombed to rubble. European overseas investments, which also helped Europe to pay for its necessary imports, were liquidated during the war. Transportation facilities were dislocated. Europe can no longer support itself.

European agricultural production in 1947 was 20 percent below the prewar level. European food consumption in 1947 was a third below the prewar level. Industrial production in the British Isles and Scandinavia, in 1947, was equal to or slightly above the prewar level. But, in 1947, industrial production in France, Belgium, and the Netherlands was only 80 to 90 percent of the prewar level, and that of Germany, Italy, and Austria was less than one-half of the prewar rate. European countries, deprived of adequate industrial and agricultural products during 6 years of the war, could not meet

their needs at this rate of production. Acute shortages were evident in all lines, and this made economic recovery a slow and difficult task. The result was poverty and hunger in all European countries, and political tension, turmoil, and unrest in many.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. EBERHARTER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. WOLCOTT. Mr. Chairman, I shall not object to this request, but I think it should be understood that there is other business coming up this afternoon and we would like to get through with this bill as soon as possible. I shall object to any further request for extension of time.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. EBERHARTER. Mr. Chairman, I appreciate the graciousness of the chairman of the Committee on Banking and Currency in not objecting. It is my understanding that no further business will be called up this afternoon after disposition of this particular bill, therefore I made the unanimous consent request. I assure the gentleman I will conclude in 5 minutes.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. The gentleman has been misinformed when he says there is no other business because we have an authorization for a billion-dollar public works program to come up this afternoon.

Mr. EBERHARTER. I am wondering if that is in excess of the budget request of the President or whether it is below the budget request of the President or whether you on that side are saving any money.

The Marshall plan or the European recovery program, formulated by the European countries at the suggestion of Secretary of State George C. Marshall, is planned to make Europe self-supporting again. Full and speedy economic recovery in Europe is desirable, not only for humanitarian reasons, but also from the point of view of our national security and our foreign trade.

The recovery plan will sustain the United States exports to Europe—and also our total exports to all countries—at approximately the 1947 levels. Contrary to popular belief, it would not increase our exports appreciably above the 1947 level, except in certain products. In 1947, the United States total exports to all countries were approximately two and one-half times our total imports from all countries, and our exports to Europe were over six times our imports from Europe. Without the Marshall plan, or similar financial aid, Europe would have to cut drastically its purchases from us, simply because its supply of dollar exchange is almost exhausted. Economic

prosperity in Europe will provide a sustaining market for our exports directly to Europe, and indirectly to South America and Asia whose ability to buy from us depends upon their sales to Europe.

The Administrator of the recovery program will soon be faced with the difficult problem of determining to what extent aid by the United States will assist European countries in exporting to markets which are partially being supplied by American products. In this connection the House Select Committee on Foreign Aid significantly said—supplement to Report No. 14:

If this achieves its announced objective of a Europe which will be substantially self-supporting at the end of the reconstruction period, it must frankly face the probability that it will be helping to expand and modernize European industry which will compete with United States industry in world markets. Special interests in this country will undoubtedly be directly affected by such competition and may, as a result, bring pressure to curtail further aid. However, as long as such European competition is not given special noneconomic privileges, there is little doubt but that the productive efficiency of United States private industry will be able to meet it successfully.

I am happy to see this able committee of the House take such an optimistic attitude about competition. I agree that the private enterprise system, if given a chance, has little to fear. I say this in spite of the dire warnings by special interest groups who fear competition and wish to maintain tariff subsidies.

I was pleased to find that the report of the Committee on Foreign Relations of the other body on the European recovery program expressed approbation of East-West trade. The committee stated:

The restoration of this trade, which traditionally has consisted of food supplies, timber, and coal from the east and manufactured goods from the west, is one of the basic assumptions on which the participating countries predicated their import requirements from the Western Hemisphere.

The number of bilateral trading agreements concluded or being negotiated between eastern and western Europe is encouraging. On the other hand, Russia and her satellite states likewise have entered into a number of agreements which may have the effect of retarding the normal flow of trade. This web of trade agreements, together with the Russian grain and barter arrangements, constitute the Molotov plan which has the effect of tightening Russian control over the exports of the satellite countries and diverting their products from the west, where they normally flowed, to the east.

In the light of the Molotov plan and the attitude of the Cominform toward the European recovery program, there can be no certainty that the assumed restoration of trade will actually occur. Healthy trade relations within the European Continent will greatly aid the objective of ERP and the door is left open to the participation of eastern European countries in the program. If restoration of trade between the east and west of Europe does not occur, it is the opinion of the State Department that recovery in the west of Europe will be much slower and more difficult, but not impossible of achievement.

The committee accepts and approves the assumption concerning the desirability of restoring east-west trading. This is another clear indication which should destroy the misconception, ceaselessly propagated, that the economic cooperation bill is designed to split Europe into two economic camps.

There has arisen in the last few days a controversy on this East-West trade which concerns the honor of the United States. Some would seem determined to stop East-West trade altogether, between Soviet Russia and her satellites on the one side and western Europe and the United States on the other. While I do not often quote Herbert Hoover on public matters, when he wrote Speaker MARSHALL that if the Marshall plan countries were to become independent of relief they must trade with the satellite countries, I can follow him.

This matter of trade with European countries is directly related to the renewal of the Trade Agreements Act.

Arthur Krock recently said in this connection:

If Congress should fail to renew, or should emasculate, the RTA it would be forbidding the United States to do the very things it requires of the nations under the Marshall plan.

This Government on March 20, 1948, was informed that the Government of Czechoslovakia had signed the protocol of provisional application of the general agreement on tariffs and trade to put the agreement provisionally into effect April 20. This general agreement is a multilateral trade agreement among 23 nations, concluded October 30, 1947, in Geneva, Switzerland. The agreement with Czechoslovakia was only a small part of this wide agreement among the 23 nations which covered one-half of the total world trade.

The United States Government fully examined the implications and obligations of the agreement in the light of recent developments in Czechoslovakia. Notwithstanding these developments, the Government of the United States had no choice other than to honor its signature to an agreement negotiated in good faith on both sides.

There is no reason to believe that the present Czechoslovak Government cannot or will not honor those provisions of the agreement which are of benefit to American traders and which were included in the document as compensation for the concessions which the United States offered during the negotiations. There are adequate safeguards and remedies available to the United States in case of failure of the Czechoslovak Government to meet any of these obligations. The proclamation of the provisional application of the general agreement in no way precludes the United States from using export controls or other measures to safeguard our national security if that becomes necessary.

Under the general agreement, Czechoslovakia grants concessions on products of interest to the United States representing approximately \$31,600,000 in terms of 1937 trade and covering approximately 80 percent of Czechoslovakia's total prewar imports from the United States. The agreement includes substantial duty reductions by Czechoslovakia on a number of important items, such as apples and pears, raisins, prunes and certain other dried fruits, canned fruits and fruit juices, canned vegetables, passenger automobiles, and certain types of office machines.

The concessions made by the United States in the general agreement on products of interest to Czechoslovakia represent approximately \$22,700,000 in terms of 1937 trade and cover approximately 64 percent of United States prewar imports from Czechoslovakia. Of the concessions granted by the United States, those on household china, table and kitchen glassware, jewelry, certain types of shoes and gloves, and hops, are the items of principal interest to Czechoslovakia.

It is realized that certain industrial groups in this country have expressed fear of what may happen some time in the indefinite and distant future. The House ought to be informed that some of these same groups feared the enactment of the Trade Agreements Act in 1934 and at that time predicted disaster for themselves and the country. They have expressed similar alarming fears at each of the renewals. We heard them in 1937, 1940, 1943, 1945, but happily none of these fears has ever been realized. Profits continued to rise in 1947. The segments of industry, which are still expressing such fear of what might happen in the future are reminded that Executive order 9832, of February 25, 1947, requires an escape clause in each agreement whereby if industry can show injury or threat of injury as a result of increased imports due to a tariff concession, this escape clause supplies an adequate remedy. The agreement with Czechoslovakia contains this escape clause. Applications for study can be made to the Tariff Commission under this Executive Order. The Tariff Commission has published its procedure for determining the facts about real or even fancied injury to a domestic industry. The items in the agreement with Czechoslovakia are subject to the operations of the escape clause and any complaining industry can have a scientific and careful investigation made by this long-standing bipartisan Tariff Commission. An industry cannot obtain a remedy by doing no more than cry wolf, wolf.

I know there has been some opposition in the House to placing the Czechoslovak agreement into effect. Furthermore, I realize that some in the House are opposed to the reciprocal trade agreements policy, but I believe there are few Members who would vote that this Government should not have honored its signature after the agreement had been signed. I was glad to see from the press that the gentleman from California [Mr. GEARHART] admits that he was sympathetic to the position of this Government in bringing the agreement with Czechoslovakia into effect.

In addition to safeguards with respect to imports, I wish to point out that the United States exercises export controls to protect the American economy generally, to promote the objectives of foreign policy, and to safeguard national security. Since March 1, 1948, no shipments to European destinations, including Czechoslovakia, can be made without appropriate license. These export controls prevent shipment of goods contrary to the national interests of the United States.

It is vital to continue and where possible extend East-West trade if we are to achieve recovery and stability in Europe. Such trade, so long as we continue to build up our own strength and are able to protect our security interests, is positive and constructive.

Economic prosperity will strengthen the democratic countries of Europe. The implications of this fact are highly significant in terms of our own national security. General Eisenhower's concluding report as Chief of Staff, February 1948, stated:

The defeat of the democracies joined in common defense would be a formidable task for any power.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 26, after line 7, insert the following:

"Sec. 7. Section 208 of title II of the joint resolution entitled 'Joint Resolution To Extend the Succession, Lending Powers, and the Functions of the Reconstruction Finance Corporation,' approved June 30, 1947 (Public Law 132, 80th Cong.), is amended to read as follows:

"Sec. 208. (a) The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such act, as amended, and disposals to veterans under section 16 of such act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944, as amended, shall be applicable to purchases made under this section: *Provided, however*, That in exercising the priority provided by this law for the purpose of transferring or disposing of the same to private industry the RFC shall disclose such fact in its offer, together with the names and addresses of the persons, firms, or corporations to whom it intends to transfer such property, together with a full and complete statement as to the intended use or disposition to be made by the transferee of the Reconstruction Finance Corporation. The Administrator in the exercise of his discretion shall then determine whether or not to transfer such property to the Reconstruction Finance Corporation in the same manner and to the same extent as though the ultimate transferee of the Reconstruction Finance Corporation was the offerer to the Administrator. It is the intent of this section that no person, firm, or corporation shall be accorded any advantage over any other solely by reason of the fact that the Reconstruction Finance Corporation is offering to acquire the property for it or them. The Administrator shall reject the offer of the Reconstruction Finance Corporation whenever it appears that the Reconstruction Finance Corporation intends to transfer the property to a person, firm, or corporation who intends to dispose of whole or part thereof, or does not intend to use all thereof in their own business. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency, gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

"(b) The Reconstruction Finance Corporation is further authorized for the purpose

of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.

"(c) For the purposes of this section the terms 'persons,' 'surplus property,' and 'Government agency' have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended."

Mr. MULTER. Mr. Chairman, the purpose of this amendment is to clarify and limit the present priority provisions given to the RFC in the present law. Presently the priority provisions granted the RFC are mandatory to the extent that if one goes to the War Assets Administrator and attempts to buy some property from him and is an unsuccessful bidder there, either because his price is lower than that of his competitors, or because he does not qualify within the language of the War Assets disposal provisions and regulations, some of which require that the purchaser be seeking to obtain the property for use in his own business rather than to speculate with it—

Mr. WOLCOTT. Mr. Chairman, at that point, if the gentleman will yield, as I understand the gentleman's amendment, the purpose is to remove any discrimination between small businesses, one of which gets its financing through a loan from RFC and the other who is not purchasing War Assets through RFC.

Mr. MULTER. It does precisely that, sir.

Mr. WOLCOTT. I personally would have no objection to the amendment. I talked with several members of the committee about it, and although the committee did not have the language before it, I think the committee was substantially in agreement with the gentleman's position at that time. If that effectuates the purpose, as I understand it does, I do not think there should be any objection to the amendment.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Oklahoma.

Mr. RIZLEY. Do I understand the gentleman's amendment still permits the RFC to exercise a priority in favor of small business?

Mr. MULTER. Yes.

Mr. RIZLEY. At what point do they have to step in to exercise that priority? One of the troubles we found in connection with the War Assets Administration was this, that War Assets has actually made sales of property, accepted bids, received the money, and then RFC would come in as a representative of small business and undertake to exercise priority even after that has been done. That has created a lot of confusion and a lot of trouble at times, and even some lawsuits. Does the gentleman's amendment take care of that sort of thing?

Mr. MULTER. Unfortunately it does not take care of that precise situation, except that when the Reconstruction Finance Corporation does come in, even at that late hour, the War Assets Administrator will have the right to use his discretion to determine what he should do with it, and not follow the mandatory provision of law and say, "I am sorry, gentlemen, we have your money but the Reconstruction Finance Corporation now

wants this property and we will have to give it to the RFC." This will stop that to that extent, although it does not put in the limitation of time as to when the Reconstruction Finance Corporation may come in. The Reconstruction Finance Corporation certainly may come in at any time up to the time the War Assets Administration actually delivers title to the prospective purchaser.

Mr. RIZLEY. That has been one of the troubles we have had. Under the Surplus Property Act, unless this amendment changes it, it is within the discretion of the Administrator further to permit the Reconstruction Finance Corporation to exercise its priority after he has actually made a deal for the property. Of course the War Assets Administration, knowing the intent of Congress to protect small business, has gone pretty far the other way in connection with the matter. I was hopeful that we could get something in the bill somewhere, in view of this amendment, so that the Reconstruction Finance Corporation would have to step in before the property has actually been sold. Perhaps title may not have passed, but I know numerous instances where property has been advertised, bids have been accepted, and the War Assets Administration has received a check for the money and the bidder was waiting to get the property, and on the strength of that had made commitments in connection with the property, and then the Reconstruction Finance Corporation stepped in and said, "We are going to exercise our priority." That sort of situation should not exist.

Mr. MULTER. The gentleman's experience has been the same as mine and the same as that of other Members of the House. I think, though, that we shall have to cure the limitation of time by offering an amendment to the Surplus Property Act. That is the way we should handle that. I would be glad to sit down with the gentleman and work out a proposed amendment to that very section, which is not germane to this.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

Mr. O'KONSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'KONSKI: On page 27, after line 13, add the following:

"Sec. 9. In order to encourage and protect small business and to insure widespread and equitable distribution of national defense procurement contracts and such European-aid purchases as are made domestically, under the authority of the chairman of such agency as may be hereafter established to administer the European recovery program, the Reconstruction Finance Corporation is hereby expressly empowered to perform the following acts for the benefit of free and independent small business, and to discourage monopoly, in the industrial economy of the Nation.

"The Corporation shall have power and is hereby directed, through its Small Business Division or its successor as duly designated by the Board of Directors of the Corporation, whenever and to the extent that it determines such action to be necessary:

"(a) To make or cause to be made such surveys as in its opinion may be necessary

to determine the facilities of small businesses and their capabilities to perform contracts designated by this section.

"(b) To request information of any other governmental departments as in its opinion may be necessary or advisable to assist in carrying out the intent and provisions of this section, and all departments so requested are hereby directed to furnish such information as they may have available upon the request of the Corporation.

"(c) In any case in which the Board of Directors of the Corporation or such representative of the Corporation as the Board of Directors may designate certifies to the Secretary of National Defense, the Director of the Procurement Division of the Treasury, or the chairman of such Government agency as may hereafter be established by the Congress to administer the European recovery program, that the Corporation is competent to perform on any specific Government procurement contract or any contract placed domestically through the European recovery program, when such contract requires the approval of the chairman of the agency established to administer such program; on any contract so let by or with the approval of such officer, it shall be the duty of that officer to let such procurement contract to the Corporation upon such terms and conditions as may be specified by the Board of Directors of the Corporation or its duly authorized representative. The Corporation is hereby authorized to further subcontract the whole or any part of any such contracts, under such terms and conditions as it may deem advisable, to any companies or groups thereof qualifying under the definition of small business as hereinafter set forth.

"(d) To negotiate with all procurement divisions or officers hereinbefore referred to, and determine if contracts proposed to be let by them are applicable to and can be performed by small business. Such procurement divisions and officers shall make available to the Corporation all such proposed contracts, and shall give full opportunity for and consideration to any bids submitted by small business certified as such by the Corporation. Such procurement officers or divisions are hereby directed to supply the Corporation with all necessary information pertaining to such contracts prior to their letting, and such procurement officers or divisions will be considered to have complied with the provisions of Public Law 413, section 2 (b), of the Eightieth Congress, which require fair consideration to be given to small business, upon such certification by the Corporation. The Congress recognizes the possibility that small business may not be able to manufacture certain articles at as low a unit cost as they may be manufactured by large business, and, in order to prevent undue discrimination against small business, the procurement officers or divisions hereinbefore referred to are hereby empowered to accept bids from small business as may be certified as such by the Corporation, notwithstanding that such bids may be at higher prices than those submitted by large business, and notwithstanding the provisions of any other act of Congress.

"(e) Notwithstanding any other provisions of this act, the Corporation is hereby authorized to make loans to small business for the purpose of financing contracts described in this section, under such terms and conditions as the Board of Directors of the Corporation may determine.

"(f) The Corporation is authorized to incur, and to pay out of its general funds, such administrative expenses as arise from the discharge of its responsibilities under this section.

"(g) For the purpose of aid to small business as set forth in this section, the Corporation, through its duly authorized delegates, shall be a member of all boards or committees of all or any agencies established or hereafter established which have or shall

have the responsibility of allocating such materials as are deemed necessary by the Congress.

"(h) For the purpose of this section, small business shall be defined by the Board of Directors of the Corporation. In no case shall a business or group of businesses be considered as small business if at the time of its application for certification by the Corporation it has in its employ more than approximately 500 people, nor shall it be dominant in its field nor be affiliated with a company dominant in its field."

Mr. O'KONSKI. Mr. Chairman, this bill provides in one of its sections that its purpose is to encourage small business. The long amendment which was just read makes it mandatory on the part of the Reconstruction Finance Corporation to set up within the Reconstruction Finance Corporation a division which will deal solely with the problems of small business. I feel in the legislation of this Congress in the past, small business has not fared very well. The Department of Commerce appropriation bill recently passed practically eliminated the Small Business Division within the Department of Commerce. The Smaller War Plants Corporation has already been liquidated. In other words, if the bill as now written is passed, there is nothing on the statute books or within the confines of the Government or within any Department of our Government that confines its activity solely to helping and encouraging small business. This section if added to the bill would merely set up within the Reconstruction Finance Corporation a division which will deal particularly with the problems of small business and the demands that are being made upon the various procurement agencies of the Government. It is difficult for them to go before the various Government departments without help from the Federal Government to get what they need. One of the greatest problems I feel facing the Members of Congress at the present time is the number of requests from small business in their districts seeking somehow to get Government help to help them along. I feel this is a much-needed amendment which would merely make it mandatory on the part of the Reconstruction Finance Corporation to do what you say should be done when you say the purpose of this bill is to encourage small business. I hope I have explained the amendment sufficiently and trust that the committee will accept it.

Mr. WOLCOTT. Mr. Chairman, all of us are sympathetic with the purposes of the amendment offered by the gentleman from Wisconsin, but as I heard it read it seemed to me that the activity provided for in the gentleman's amendment might in effect become a primary function of the Reconstruction Finance Corporation, especially in that the corporation or subsidiary corporation provided for in the amendment must function in respect to the European recovery program. There does not seem to be any limitation whatever on the use of RFC funds for this purpose in the amendment.

For a good many years we have had before us this question, of small business. Small business is not having as much difficulty now as it used to have in get-

ting loans from banks and other financing institutions. Those loans are or might be participation loans. A goodly amount of the \$1,500,000,000 that is authorized in this bill will be made available to small business. As a matter of fact, I believe the record shows that about 90 percent of the business loans made by the Reconstruction Finance Corporation are so-called small-business loans. It has always been difficult to find a definition for "small business." "Small business," of course, is a relative term; what might be small business in one industry might be exceptionally large business in any other industry.

We have emphasized in the bill which was reported out of the committee our intent in respect to loans to small business and to small industries, and we feel that that is sufficient for the immediate purposes. If it develops in the course of the years that we have a recession and small business finds it difficult to get financing, then we have kept this bill in such condition that we can immediately expand it to meet that and other conditions which may arise.

We surely at this time are not prepared to know what the volume of activity might be under the gentleman's amendment, how much it might be necessary to increase the borrowing power of the RFC and how much the contingent liability of the Government might be increased by this activity. For these reasons I hope that the committee will not accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. COMBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBS: Page 22, after line 10, insert the following new paragraph:

"(5) Subject to such terms and conditions and in such manner as it may determine, to furnish a market for loans guaranteed or insured under the provisions of the Servicemen's Readjustment Act of 1944, as amended, by purchasing directly or through State and national banks, and other financial institutions acting as agents or as trustees, loans so guaranteed or insured."

Mr. COMBS. Mr. Chairman, the amendment that I have offered would restore to the RFC the privilege that it had up to a year ago of rediscounting GI loans, or loans made under the so-called GI bill by banking and other financial institutions. It is very definitely needed.

I want to call attention to a problem that exists in the small cities and rural areas of Texas and perhaps throughout the entire Nation. Last year when Congress extended the RFC they took away the authority to rediscount or purchase GI mortgage loans. Since then, many banks and other financial institutions in the smaller cities and rural communities have been unable to make loans to GI boys for the purpose of buying farms, equipment, and making improvements. Previously, banks and other similar institutions in our section had an arrangement with RFC whereby in consideration of a small percentage they made the loans, serviced them, and made the collections after RFC had taken them over.

Thus, the local institutions were relieved of the burden of carrying a large amount of these long-time loans. They could retain these loans themselves if they cared to do so, since they were assured of a market for them in case they needed to convert into liquid assets. Now, however, being denied this secondary market for the GI mortgages, many small financial institutions simply cannot make the loans.

Mr. Chairman, unless this provision is put back in the law, there is no existing law I know of that enables the rural GI to secure any help under the GI bill for the purchase of farms for homes and the business of farming. Title VI, Insurance for Housing, helps the fellow in the city or town. There are also other provisions of law covering loans which benefit those who live in the cities and populated areas. But the boys we are trying to rehabilitate on the farms of this Nation appear to be forgotten. So far, I have been unable to find any adequate source of long-time, low-interest financing available to them.

This provision is practically in the same language as the provision that was in the law up to a year ago, and which Congress left out when the RFC was extended at that time. It will simply enable the small banking institutions to make GI loans and by that means give the farm boys the same opportunity to finance the purchase and improvement of farms, thus providing them with a home and a business on the same basis that their city brother GI's now have.

I hope that the amendment will be accepted. I really hope that the committee will accept it. I do not see how there can be any just or reasonable objection to it.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. COMBS. I yield to the gentleman from Tennessee.

Mr. EVINS. I would like to commend the gentleman for offering this amendment and to say to him that the veterans are very much interested in it as well as the small banks and lending institutions. Such a measure has been passed by the Senate and I do not see any reason why it should not be passed by the House.

These GI loans are good loans. There have been very few defaults. The failure to pass this amendment shows favoritism for making loans to the larger institutions. Has it not been said that the RFC made its first loan of \$90,000,000 to a railroad corporation? Why not put the provision in this law to make loans to the little man as well as the big boy?

Mr. COMBS. I thank the gentleman for his contribution and I know what he says is absolutely correct.

I went through the rural sections of my district last year and met with groups of these GI's who were attending farm schools. I spoke to many of them. I talked with bankers in these regions, too. The boys on the farms have not been able to get any help from the various types of Government financing. Let me tell you about one of them. When I asked, "Why have you not received loans to buy yourself a farm?", he replied, "There is one outfit"—and he named

it—"that offered to make me a loan but I wanted only 20 acres of land. They told me I would have to buy 40 acres. Then when I asked a loan of \$1,000 to get some lumber and build me a house, they refused and said, 'No, you have to build it by contract to cost \$5,000'." The boy's answer to them was "No"—for, as he said to me, "I am not going in debt that much. I will build myself a pole cabin like grandpappy lived in before I will let them tell me what to do."

Those are the boys who are going to be helped by my amendment.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas.

Mr. Chairman, this amendment comes to us rather as a surprise; so in order to bring ourselves up to date let me say briefly that this would restore a power which we very deliberately and after a good deal of debate took away from the Reconstruction Finance Corporation last year. We had a very definite purpose in mind.

The Reconstruction Finance Corporation at that time was authorized to make purchases without recourse of these mortgages, the so-called GI home loans. Now, the GI himself has never been the beneficiary of this particular kind of a secondary market. The beneficiary under this financing, which we repudiated last year, was the builder who in some cases had to find ways and means of financing his operations without putting in too much money himself. He would not take the risk. He wanted the Federal Government to take all the risk. Now, we have a secondary market for safe and sound insured mortgages. The reason the banks will not take these GI home loans is not primarily because there is not a secondary market, but because the GI loans and the guaranties are in respect to houses which might tumble down before the period of amortization ends, and you cannot blame any bank or any insurance company for not taking that kind of a risk.

I might say further that it is doing the veteran no service. I am a veteran. I have been the department commander of the VFW in Michigan. I am in their councils now and I know what they are thinking about, and I say that substantially they are in agreement with our position that it does the rank and file of the servicemen no benefit whatever to sell them a \$10,000 shack which, at best, is not worth over \$3,000. It is going to be our objective in the bills we are now considering in committee to correct that situation, to set up safeguards and to put the GI home loans in such condition that the veteran can be assured that the house is going to stand up during the period that he is making the payments. For that reason and other reasons, the House Banking and Currency Committee should be given an opportunity to do a wholehearted, sincere job in respect to creating a secondary market for GI home loans. I hope the amendment will be defeated.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to try and get a little additional information with respect to the amendment

offered by the distinguished gentleman from Texas [Mr. COMBS]. I have heard the argument of my distinguished colleague the gentleman from Michigan [Mr. WOLCOTT], the chairman of the House Committee on Banking and Currency, and it seems to me that that argument does not touch exactly the problem that has been presented in the amendment offered by the gentleman from Texas. As I understand, the amendment offered by the gentleman from Texas merely proposes to authorize the RFC to provide an optional market, the option being with RFC, to rediscount paper which has been accepted by a local bank in financing loans under the GI bill. Is that what I understand the gentleman's proposal does?

Mr. COMBS. I say that the gentleman is absolutely correct. I will say further that the banks in my section and in the rural areas quit making loans, because there was not that type of alternate market.

Mr. KEEFE. That is also the experience I have found in my State, that there is not an optional market available to the banks who are making not crazy loans, as was indicated by the gentleman from Michigan, but who are attempting to make decent, approved loans that are approved by the authority that approved the GI loans. The situation that they are up against is that a small bank cannot tie up a large portion of its deposits in long-term loans unless it is assured that it has a discount outlet through which it can place those mortgages and secure cash with which to continue to do business. As I understand the amendment offered by the gentleman from Texas, it purposes and proposes to do just that. If I am in error, I will be glad to be corrected.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I think both you and the gentleman who offered the amendment are in error in the statements which you have made, because the amendment very obviously and very definitely gives the Reconstruction Finance Corporation the authority to buy these loans.

Mr. KEEFE. That is exactly what I have in mind.

Mr. WOLCOTT. That is not exactly what you are talking about. You are talking about a rediscount market. It is not creating a rediscount market. It is creating a secondary market by which they are authorized to purchase without recourse, and I do not believe the gentleman wants that kind of a market for the RFC.

Mr. KEEFE. All right. So far as I am concerned, I understand the situation, and that is exactly the thing that I thought the gentleman from Texas was seeking to reach.

Mr. COMBS. Yes.

Mr. KEEFE. In other words, these banks are looking for an opportunity to dispose of these mortgages, and the amendment offers to the RFC the optional right to purchase these mortgages, not mandatory in any sense upon the RFC; but it says to the RFC, "You have the authority to purchase this mortgage

and relieve this bank and liquefy it to the extent of that particular mortgage if, in your opinion, and your judgment, it is a good, sound investment to make." So far as I am concerned, I would like to see the RFC have that right in the same manner in which the amendment is suggested by the distinguished gentleman from Texas.

Mr. MACKINNON. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Minnesota.

Mr. MACKINNON. As I see it, the existence of this provision which would provide a guaranteed market will make it possible for the bank to retain the mortgage as part of its own assets because the liquidity of the asset will be assured. Otherwise, a small bank, whose principal liabilities are demand deposits, would be required to dispose of the mortgages because they are primarily long-term investments.

Mr. KEEFE. The bank would be very glad to hold that mortgage and get the return on the investment, provided the business demands on that bank for liquid assets were not such as to make it necessary to dispose of it.

I do not know about the operations of all the banks in America but the banks I do know something about are making sound loans under this GI proposal, and not making loans to build a \$2,000 shack that costs \$10,000. In any event, under the proposal of the distinguished gentleman from Texas, if a loan of that character is offered to the Reconstruction Finance Corporation they have the right to turn it down and purchase only good, sound loans. It seems to me this is in the interest of the protection of the GI and in the interest of protecting the banks themselves.

Mr. BOGGS of Louisiana. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I support this amendment at this time on the theory that when this bill goes to conference if this provision is adopted the proper safeguards will be written in, and on the further theory that there is so much confusion prevailing at the moment on whether or not we are going to get a general housing bill that we had better take this opportunity while we have it.

It is my frank opinion that much of what the gentleman from Michigan, my distinguished chairman, has said is correct, that there have been abuses, and that those abuses should be corrected. The proper place for the correction of the abuses is in the general housing legislation we are now considering and which is a direct result of many months of study by the Joint Committee on Housing. Hearings were held in 32 American cities, and in almost all of those cities the point was brought out most emphatically by the builders and by the bankers and by the veterans that this authority in some form is most essential for the proper functioning of the housing program. The proper place for this authority, the place where it should be administered, is in the Housing and Home Finance Agency, which has been established by the Congress to coordinate and handle all of the housing

functions of the Federal Government; but we find ourselves in the position where the House is holding hearings on general housing legislation, and it appears that these hearings are going to last for quite a considerable period of time. The Senate and our own body seem to be in disagreement on certain features of that housing legislation, and we have no assurance that we will get any general housing bill which will incorporate this provision in the legislation.

I do not know whether the amendment offered by the gentleman from Texas [Mr. COMBS] has the proper safeguards or not. I do know that some such authority is vital for the continued functioning of the housing program throughout this country. This is an opportunity to write the provision in the bill and perfect it in conference. I hope the amendment is adopted.

Mr. LYLE. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I think the Government can render no greater service to Americans, to young Americans, to veterans, than to share its credit with them that they may have a home. I am sure there is no stronger emotion in the hearts and minds of these fine young people of America, who contributed so much to the splendid life we enjoy and who have come home and taken unto themselves a family, than the desire that they might put them in a home which they may call their own.

Homes are high, so very high that many Members of Congress have not been able to have one. In 1942, when I had the privilege of serving in the armed forces, I sold a home for \$6,000 which subsequently sold for more than \$18,000, and which would require today perhaps \$20,000 to replace it. How else am I to take my family back to a home of their own than to let my Government share its credit with me?

I think this is a very sound American manner, to share with the small banks and institutions the credit of the Government. Volumes can be written about abuses. I do not question the sincerity and ableness of the chairman of this splendid committee when he wants to protect Americans from the abuses of unscrupulous builders and financiers. But I do know, sir, that my files are full and my ears are ringing with the pleas of hundreds of fine young Americans who want homes. I do not know whether the long range housing bill will become law or not. I have heard more about it and read more about it, I think, than any other legislation. I do know that the Congress ought not to pass up this opportunity of making possible homes for young Americans.

Mr. COMBS. Mr. Chairman, will the gentleman yield?

Mr. LYLE. I yield.

Mr. COMBS. It might be pointed out that unless this secondary market for these GI loans is provided, the local banks will be unable to hold those mortgages, and furthermore they will have to sell them to such institutions as may gang up to take them.

Mr. LYLE. Yes; and another thing, I know my bankers pretty well. They

do not make bad loans. I have tried to influence them once or twice in that respect. They are very careful about that. I sincerely hope the committee will look with favor upon this amendment. I believe it is sound; I believe it is American; I believe it is fair; I believe it is timely. I think that the advantages it offers outweigh the disadvantages.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. LYLE. I yield.

Mr. BOGGS of Louisiana. Is it not a fact that unless this provision is adopted in this bill or in the general housing legislation, that the only other alternative is increase in the interest rates which will further inflate the cost of housing?

Mr. LYLE. Unquestionably, and I am sure you are conscious of just how much of that monthly payment is interest.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. LYLE. I yield.

Mr. EVINS. Speaking of safeguards, it might well be pointed out that in the Senate bill there was provided a safeguard that the maximum loan that could be made was \$10,000, and in addition to that, such loans would be approved as were made after January 1, 1948. In other words, the authority to be extended would provide a market for new loans and those accumulated in the past. They even failed to give us that. I support the gentleman, and I hope the amendment will be adopted.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hope we have in mind the many other provisions of law when we are discussing this amendment. I hope we will consider this subject without emotionalism. I do not think there are any of us here who do not want to do the right and just thing by the servicemen of our country. The right and just thing for servicemen is not to put them in a position where they are in any way going to be subjected to the wiles of unscrupulous men in any field of endeavor. We have had here in the District of Columbia within the last few months examples of how servicemen might be taken advantage of under similar circumstances.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. RIZLEY. I know the distinguished gentleman, the chairman of the committee, wants, of course, to do everything he can to safeguard and protect the integrity of these loans. But I have had numerous letters from small banks throughout my congressional district and small building and loan associations saying that they could make legitimate loans.

Mr. WOLCOTT. Permit me to answer the gentleman on that. Every building and loan association in this country and every savings and loan association in this country has a secondary market in the Federal home loan banks and every member bank of the Federal Reserve System can now discount its paper at the Federal Reserve banks. Have your savings banks in your State ever given any consideration to the fact

that they can make application and become members of the Federal Home Loan Bank System and find a ready market to discount almost all of their real-estate paper? Let us go a little further into this amendment. This amendment would not only authorize the Reconstruction Finance Corporation to buy the paper of veterans who want to build homes. In other words, this amendment goes right across the board in respect to all GI loans. It is not confined to mortgages on homes.

Mr. COMBS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. COMBS. Yes; it just goes half across the board.

Mr. WOLCOTT. The amendment reads "subject to such terms and conditions and in such manner as it may determine to furnish a market for loans guaranteed or insured under the provisions of the Servicemen's Readjustment Act of 1944, as amended."

We had better know where we are going in this before we go anywhere. You argue that you want a secondary market for GI home loans. The language of this amendment provides for a secondary market for all kinds of loans made by the Veterans' Administration under the provisions of the GI bill of rights.

Now let us have one other thing in mind very definitely: That when we took the authority away from the Reconstruction Finance Corporation to buy these home loans without recourse the authority which the gentleman seeks to restore and broaden there was not a ripple of reaction in the real-estate-mortgage market, there was not a decrease; as a matter of fact, from then on there was a constant volume of home-mortgage paper, so that during the last year and a half of it without this market we built the second largest number of homes in any year in this country, more than 840,000—without this market. You cannot argue with facts that this particular market is necessary to keep up the volume of home construction. The starts this year without this market have been, I believe, 39 percent greater than they were last year, assuring that without this market we are going to build over a million units this year. Nothing surely can happen to the program in this connection until the House Banking and Currency Committee has had an opportunity to review the whole question, and I can assure you that we are going to do it and we are going to insist that we take a look at this GI market and try to make these loans available to banking and other financing institutions in the market in competition with municipal, State, Federal, and other securities.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. EVINS. The gentleman is a very able chairman of the committee, and we have great respect for him—I know I do as a freshman Member—but he made this same statement on the floor last year—that we were going to have time to consider this matter further.

Mr. WOLCOTT. No; I think not. I said it was our purpose then to get rid

of the market, and we did, and we did a good job in doing so.

Mr. RIZLEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am not going to get into any heated controversy with the distinguished gentleman from Michigan for whom I have the utmost respect and admiration. I just cannot quite understand his attitude in respect to this matter. There is nothing mandatory about the provisions of the amendment offered by the gentleman from Texas, nothing mandatory whatsoever.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. RIZLEY. Not for just a moment.

I know, of course, the gentleman from Michigan lives up in a section of the country where they have huge building and loan associations, large banks that will take care of this housing situation, but some of us live in smaller communities. Our banks are sound but they are much smaller.

This amendment is purely a permissive matter. Who is going to get hurt by it? I am not going to assume, and I know the gentleman from Michigan does not mean to imply that every bank and every building and loan association is in some sort of a deal to hijack the Federal Government, and they are going to make loans that are not legitimate; and unless it is presumed that they intend to unload bad paper on the Government there could be no sound argument against the amendment. I am not willing to assume that the banks are just going out and overstock themselves, or the building and loan associations in these smaller communities are going to do it or that the RFC is going out to solicit loans that are not good. The amendment does not contemplate that.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield now?

Mr. RIZLEY. It seems to me that the gentleman is just a little overexercised about this amendment. Certainly, we know the need for a secondary market for some of these loans. If the gentleman were down in my section of the country he would know that, and he would know that the people whom I am talking about, the bankers down there, the small building and loan associations are substantial. They are not going to load the country and the taxpayers with bad deals of any kind. They just do not have sufficient capital to take care of all the legitimate needs.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. RIZLEY. So I think until the gentleman's great committee and the committee over in the other body gets this housing program straightened out that we had better pass this amendment, add this amendment to the bill and provide for this secondary market.

Of course I yield to the gentleman from Michigan.

Mr. WOLCOTT. Let me call the gentleman's attention to the fact that the Reconstruction Finance Corporation has no inspection service. The Reconstruction Finance Corporation as set up could

not deny in the matter of purchase in the secondary market a loan to one bank and grant it to another; it cannot discriminate, the RFC cannot discriminate nor any other agency of the Government.

Mr. RIZLEY. No.

Mr. WOLCOTT. The Reconstruction Finance Corporation has to take these as they come and the gentleman knows as well as I that the practice up to June 30 of last year was for the banks to unload all of their undesirable paper on the Government.

Mr. RIZLEY. No; I do not agree with that statement. The capital structure under the law in the smaller banks will not permit them to make as many of these loans as some of the larger banks can. That is true of the building and loan associations also.

Mr. WOLCOTT. That is the reason they cull out all of their undesirable paper at the end of each month and sell it to the RFC; and the RFC cannot refuse to take it in the case of one bank and discriminate by refusing to take it from another.

Mr. RIZLEY. The gentleman is assuming that they are going to load their tills up with a lot of undesirable paper, which I am unwilling to assume. I am not going to charge the banks and the loan companies with that.

Mr. WOLCOTT. The gentleman knows that a loan may be sound at the time it is originally taken but become sour at the end of 60 days, at which time the bank would sell the paper to the Reconstruction Finance Corporation.

Mr. RIZLEY. We are lending lots of money and advancing lots of money, which the gentleman favors, all over the world and in order to kind of level off the situation here at home I believe this is one of the things we can do. It certainly would be a great thing for the young folks in this country. I have talked with these youngsters who want to build homes and purchase small acreages, and they cannot understand why the banks will not lend them the money. They cannot understand that if Uncle Sam can send billions of dollars everywhere in the world why the provisions of the law authorizing repurchase of these loans by RFC should not be reinstated. They do not understand it and I do not understand it.

Mr. WOLCOTT. The GI can make a loan to take care of his down payment and up to 90 percent under FHA with the guaranty of a house that is going to stand during the period of amortization. That is the only difference between the two.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. SMITH of Ohio. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, if the Congress wants to harm the veteran, vote for this amendment.

Mr. FOLGER. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I want to take a minute or two to make an appeal to the members of this committee. This is a

spasmodic, ill-considered attempt to write legislation on the floor of the House.

The Banking and Currency Committee has given the fullest consideration to the GI's and their needs and does not propose or intend to neglect them at any point. We have considered this matter and the committee will consider this in the housing bill. We are certain to have some sort of housing bill, but whatever it may be there will be considered in it this very proposition that is so important to the GI's of this country who are being robbed unmercifully by people in the construction of low-cost houses. That applies in the city of Washington and all over this country.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. If we were to adopt this amendment at the present time it would be necessary to at once go into the question of how much the capital of the RFC should be, because if we insert an amendment like this without considering it in connection with the rest of the bill it might use up the entire amount authorized and provided in this legislation, is that not correct?

Mr. FOLGER. That is certainly true. The trouble has been that there has been no inspection or appraisal provision and the GI's, separate and apart from everybody else who has had the benefit of these purchase powers, have suffered because we have not been careful. Now are we going to do worse? We are going to protect the GI against these practices as far as we can. In Washington and in other cities in this country the GI's are going back to the banks, they are going to the builders, they are going to their friends to ask them to help them out on houses that cost eight or nine thousand dollars which will stay together about 60 or 90 days. We have not been careful enough to see that proper inspection and appraisals were made and that these boys got the full benefit of what they were entitled to, even at the high prices we now have.

Mr. COMBS. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield to the gentleman from Texas.

Mr. COMBS. Under the GI bill the same inspection will be made of the country farm under this loan as under the others.

Mr. FOLGER. No, but there is in this amendment no provision for inspection and appraisal so far as the Reconstruction Finance Corporation is concerned.

Mr. COMBS. I want to call the gentleman's attention to his answer to the question asked by the gentleman from Pennsylvania. If this is merely permissive, and it is, why would it be necessary to examine the capital structure of the RFC in order to pass it?

Mr. FOLGER. Are we going to pass a bill and then apologize for it by saying that it is nothing but a permissive matter? You can throw out any part of it if you want to. The Reconstruction Finance Corporation has got to understand that we mean what we say in all legislation passed by this House.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. If we pass this without giving the RFC sufficient money to make it useful, then adopting such an amendment would be merely a political gesture?

Mr. FOLGER. That is right. We should provide the opportunity of inspection and appraisal which will give these boys a dollar's worth as near as our economy will permit at this time for what they put into this, and not have them coming back crying, which they had a right to do, that people have cheated them out of their boots in the construction of houses that we propose to insure, or to buy their paper, representing overcharges, outrageous, but which the GI will be held to pay.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. I might say that the last month this provision was in existence requests for loans were coming into the RFC at the rate of \$75,000,000 a week, or approximately \$250,000,000 a month, and that is quite a sum of money.

Mr. FOLGER. Indeed it is.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Even if it is merely permissive, it still involves the finances of the Reconstruction Finance Corporation.

Mr. FOLGER. I do not think we ought to expect the Reconstruction Finance Corporation to conclude that we just have some political purposes or otherwise, in mind. They must conclude that we mean what we say in writing legislation. I do not think this legislation is good, and I think it ought not to pass.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The question is on the amendment offered by the gentleman from Texas [Mr. COMBS].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 40, noes 82.

Mr. COMBS. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. SCHWABE of Oklahoma. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHWABE of Oklahoma:

Page 21, line 23, before "(A)", insert the following: "public agencies", which term shall include the following.

Page 22, line 7, after the word "projects", insert a comma and the following: "nor for the acquisition or construction, by any such public agency, of any property or facility for the production, sale, or supply of any commodity, product, or service, if any private person, firm, or corporation is then actively engaged in the production, distribution, or supply of the same commodity, products, or service in the same area."

Mr. SCHWABE of Oklahoma. Mr. Chairman, the first portion of the amendment merely makes the provisions

in section (A) consistent with those in section (B) in subsection 3 at the bottom of page 21, and the next portion of the amendment, page 22, line 7, adds to that paragraph a provision that will prevent the making of loans to public agencies which seek to go into competition with private enterprises, where private enterprise is serving the area.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. SCHWABE of Oklahoma. I yield to the gentleman from Michigan.

Mr. WOLCOTT. If I understand the gentleman's amendment, it is to take the Reconstruction Finance Corporation out of the field of investment in enterprises by public agencies which would come in competition with enterprises already operated by private enterprise. I do not think it was our intention—at least, it was not my intention—to do other than that. I am certain, if that is what the gentleman's language does, and I assume that it does, that it should be reasonably acceptable.

Mr. SCHWABE of Oklahoma. I thank the gentleman.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. SCHWABE of Oklahoma. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. I am concerned with what effect this might have on the financing of REA projects, or the financing of power developments by municipalities.

Mr. SCHWABE of Oklahoma. It does not affect municipalities. It is limited to that category of public agencies and is so stated in the amendment.

Mr. MONRONEY. Public agencies then, would not include the REA?

Mr. SCHWABE of Oklahoma. It would not.

Mr. MONRONEY. And cities and municipalities would not be included?

Mr. SCHWABE of Oklahoma. Cities and municipalities would not be included.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was agreed to.

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise at this time to ask the chairman of the committee, the gentleman from Michigan [Mr. Wolcott], as to the provisions of the bill now under consideration. May I ask if the bill will permit the Reconstruction Finance Corporation to make loans to irrigation districts organized under State laws? What restriction, if any, is contained in this bill as to that?

Mr. WOLCOTT. The irrigation projects are what we call proprietary functions. The Reconstruction Finance Corporation may pass upon irrigation projects. Under the law we have presently the Reconstruction Finance Corporation may not make loans to governments or subdivisions of governments for purely governmental purposes. An irrigation project is a proprietary function, however.

Mr. MILLER of Nebraska. What does the gentleman mean by proprietary?

Mr. WOLCOTT. A proprietary function is a function which is not necessary to the maintenance and preservation of the Government.

Mr. MILLER of Nebraska. The Reconstruction Finance Corporation is permitted to make loans under this bill to irrigation districts?

Mr. WOLCOTT. Yes. As distinguished from that, they would not be allowed to make a loan to a State to build a statehouse or a county to build a county courthouse, because those are purely governmental functions.

Mr. MILLER of Nebraska. What limit is placed on the Reconstruction Finance Corporation as to the amount of these loans?

Mr. WOLCOTT. Under the amendment adopted this afternoon, offered by the gentleman from Oklahoma [Mr. MONROE], \$200,000,000.

Mr. MILLER of Nebraska. For what terms?

Mr. WOLCOTT. I believe 40 years.

Mr. MILLER of Nebraska. I have in mind the Nebraska Midstate Association irrigation district in central Nebraska; it has been organized under State law. The district, now operating under the State law, can make a levy upon the property in the district for irrigation purposes. They have in mind applying to the Reconstruction Finance Corporation for a sound loan, one that has been approved by the experts who have checked over the district. I wonder whether it would be possible for them to qualify under this bill?

Mr. WOLCOTT. I believe they would, because I assume, under the case the gentleman cites, the revenue bonds are issued for the purpose of financing the project, and I am very positive that would be eligible for Reconstruction Finance Corporation financing.

Mr. MILLER of Nebraska. I thank the gentleman.

The CHAIRMAN. The question is on the committee substitute, as amended, for the Senate bill.

The committee substitute was agreed to.

Mr. WOLCOTT. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COLE of Missouri, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2287) to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GERMANTOWN HIGH SCHOOL

Mr. HUGH D. SCOTT, JR. Mr. Speaker, it was my pleasure today to greet the eleventh-grade students of Germantown High School, of Philadelphia, on the occasion of their tour of Washington under the sponsorship of Prof. Garton S. Greene and Prof. Charles R. Nichols, principal of the school, together with Mrs. Robert Longmire, Mrs. Edward A. Raacke, and Mr. H. Rey Wolf of the high school faculty.

This fine group of boys and girls, full of life, interest, and zestful enthusiasm, will undoubtedly carry back long-lasting memories of their visit to the legislative, executive, and judicial departments of the Federal Government. By reason of the thoughtfulness of their principal, I had the pleasure of addressing the group on the steps of the United States Capitol, and of introducing to them a Germantown High School alumnus of the class of 1934, Mr. Richard G. Jefford, who is assistant to the Sergeant at Arms of the House of Representatives. We made it an all-Germantown affair by having our pictures taken with the Capitol in the background.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. HAND. Mr. Speaker, I ask unanimous consent that the House Committee on Merchant Marine and Fisheries may have until midnight Friday to file reports on the bills H. R. 4796 and H. R. 3132, or substitutes therefor.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

COMMITTEE ON ARMED SERVICES

Mr. ANDREWS of New York. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have until midnight, tomorrow night, Friday, to file a report on the selective-service bill, H. R. 6401.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DISPOSITION OF SURPLUS REAL PROPERTY

Mr. WADSWORTH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2277) to amend section 13 of the Surplus Property Act of 1944, as amended, to provide for the disposition of surplus real property to States, political subdivisions, and municipalities for use as public parks, recreational areas, and historic-monu-

ment sites, and for other purposes, with amendments of the House thereto, insist on the amendments of the House, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. WADSWORTH, SNYDER, and HOLIFIELD.

EXTENSION OF REMARKS

Mr. WOODRUFF asked and was given permission to extend his remarks in the Record in two instances, in one to include a letter from a constituent, and in the other a document dealing with the proposed extension of the Reciprocal Trade Agreements Act.

Mr. PATTERSON asked and was given permission to extend his remarks in the Record and include a copy of a platform adopted by Smith College, Northampton, Mass.

Mr. BYRNES of Wisconsin (at the request of Mr. O'Konski) was given permission to extend his remarks in the Record and include some letters.

Mr. BUSBEY asked and was given permission to extend his remarks in the Record with reference to the pending railway strike.

Mr. MACKINNON asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Record and include a statement by Vicente Villamin.

Mr. LEONARD W. HALL asked and was given permission to extend his remarks in the Record and include extraneous matter.

Mr. KLEIN asked and was given permission to extend his remarks in the Record in two instances and include extraneous matter.

Mr. LYLE asked and was given permission to extend his remarks in the Record and include a letter.

LEAVE OF ABSENCE

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Ohio [Mr. KIRWAN] may be granted a leave of absence for 10 days on account of illness.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. FERNANDEZ (at the request of Mrs. Lusk) was given permission to extend his remarks in the Record and include an article entitled "Rio Grande Death Watch."

Mr. McCULLOCH asked and was given permission to extend his remarks in the Record and include part of a column from the editorial page of the Times-Herald.

Mr. JOHNSON of California asked and was given permission to extend his remarks in the Record in two instances and to include extraneous matter.

ALBERT MALTZ

Mr. VAIL. Mr. Speaker, I have been served with a subpoena duces tecum to

appear before the district court of the United States for the District of Columbia, to testify on Monday, May 3, 1948, at 10 a. m., in the case of the United States against Albert Maltz, which is a congressional contempt proceeding. Under the precedents of the House, I am unable to comply with this subpoena without the consent of the House, the privileges of the House being involved. I, therefore, submit the matter for the consideration of this body.

The SPEAKER. The Clerk will report the subpoena.

The Clerk read as follows:

DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA, HOLDING A CRIMINAL COURT FOR SAID DISTRICT

THE UNITED STATES V. ALBERT MALTZ, DEFENDANT, NO. 1354-47, CRIMINAL DOCKET

The President of the United States to Congressman RICHARD B. VAIL, of Illinois, House Office Building, Washington, D. C.:

You are hereby commanded to attend the said court on Monday the 3d day of May 1948, at 10 o'clock a. m., to testify on behalf of the defendant, and not depart the court without leave thereof.

Witness, the honorable chief justice of said court, the 27th day of April A. D. 1948.

HARRY M. HULL, Clerk.

By MARGARET L. BOSWELL,
Deputy Clerk.

Mr. MICHENER. Mr. Speaker, I send a privileged resolution (H. Res. 586) to the desk and ask for its immediate consideration.

The Clerk read as follows:

Whereas Representative RICHARD B. VAIL, a Member of this House, has been served with a subpoena duces tecum to appear as a witness before the District Court of the United States for the District of Columbia to testify at 10 a. m., on the 3d day of May 1948, in the case of the *United States v. Albert Maltz*, criminal No. 1354-47; and

Whereas by the privileges of the House no Member is authorized to appear and testify but by the order of the House: Therefore be it

Resolved, That Representative RICHARD B. VAIL is authorized to appear in response to the subpoena duces tecum of the District Court of the United States for the District of Columbia in the case of the *United States v. Albert Maltz*; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpoena of the said court.

Mr. MICHENER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FIRST DEFICIENCY APPROPRIATION BILL, 1948

Mr. TABER, from the Committee on Appropriations, submitted the following conference report and statement on the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other

purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 50, 52, and 54.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 10, 14, 15, 16, 17, 18, 19, 20, 24, 25, 26, 27, 28, 29, 31, 32, 35, 36, 37, 38, 39, 41, 43, 44, 45, 46, 47, 48, 49, 51, 53, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, and 68, and agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"TEMPORARY CONGRESSIONAL AVIATION POLICY BOARD

"For an additional amount for salaries and expenses for completion of the work of the Temporary Congressional Aviation Policy Board created by the act to establish a National Aviation Council, and for other purposes (Public Law 287, Eightieth Congress), to be available until June 30, 1948, and to be disbursed by the Secretary of the Senate on vouchers approved by the Chairman, \$5,000: *Provided*, That expenditures hereunder shall be made in accordance with the laws applicable to inquiries and investigations ordered by the Senate."

And the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"OFFICE OF VOCATIONAL REHABILITATION

"Such sums as may be necessary (not exceeding \$4,500,000) are hereby appropriated for making for the first quarter of the fiscal year 1949 payments to States in accordance with the Vocational Rehabilitation Act, as amended (29 U. S. C., ch. 4): *Provided*, That the obligations incurred and expenditures made for such purpose under the authority of this paragraph shall be charged to the appropriation therefor in the Labor-Federal Security Appropriation Act, 1949: *Provided further*, That the payments made pursuant to this paragraph shall not exceed the amount paid to the States for the first quarter of the fiscal year 1948 in accordance with such Vocational Rehabilitation Act."

And the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$1,555,532"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$970,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$20,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$262,500"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amend-

ment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$1,000,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$1,234,815"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$6,450"; and the Senate agree to the same.

JOHN TABER,
R. B. WIGGLESWORTH,
ALBERT J. ENGEL,
KARL STEFAN,
FRANCIS CASE,
FRANK B. KEEFE,
CLARENCE CANNON,
GEORGE MAHON,

Managers on the Part of the House.

STYLES BRIDGES,
C. WAYLAND BROOKS,
JOSEPH H. BALL,
KENNETH MCKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TITLE I—GENERAL APPROPRIATIONS

Amendments Nos. 1 to 7, inclusive, relate to miscellaneous items for the Senate and involve additional appropriations of \$47,550, as proposed by the Senate.

Amendment No. 8 appropriates \$12,500 for the widow of a deceased Representative, as proposed by the Senate.

Amendment No. 9 appropriates \$5,000 for the Temporary Congressional Aviation Policy Board, as proposed by the Senate, with an amendment added to provide for the completion of the work of the Board concurrent with the expiration date of this appropriation, June 30, 1948.

Amendment No. 10 waives a limitation for the Public Health Service in connection with the purchase of motor vehicles in the Philippine Islands, as proposed by the Senate.

Amendment No. 11 authorizes the advance to States from the 1949 appropriation of the Office of Vocational Rehabilitation, as proposed by the Senate, but limits the amount that may be advanced to the sum of \$4,500,000.

Amendment No. 12 appropriates \$1,555,532 for grants to States for unemployment compensation administration, instead of \$1,850,000 as proposed by the Senate. The agency will also release a budgetary reserve of \$698,000 for this purpose.

Amendment No. 13 appropriates \$970,000 for reconversion unemployment benefits for seamen instead of \$840,000 as proposed by the House and \$1,000,000 as proposed by the Senate.

Amendment No. 14, relating to the Public Buildings Administration, appropriates \$50,000 for preparation of plans to eliminate structural and fire hazards in the Executive Mansion, as proposed by the Senate.

Amendment No. 15, relating to the Office of the Housing Expediter, appropriates \$2,000,000 to carry out the functions of Public Law 464, approved March 30, 1948, as proposed by the Senate.

Amendment No. 16, relating to the National Mediation Board, appropriates \$48,800, as proposed by the Senate.

Amendment No. 17, relating to the National Railroad Adjustment Board, increases a limitation from \$65,000 to \$75,000, as proposed by the Senate.

Amendment No. 18, relating to the Tax Court of the United States, increases a salary limitation from \$20,000 to \$24,000, as proposed by the Senate.

Amendment No. 19, relating to the District of Columbia, appropriates \$10,210 for the Office of Administrator of Rent Control, as proposed by the Senate.

Amendment No. 20, relating to the District of Columbia, appropriates \$17,500 for the National Guard, as proposed by the Senate, instead of \$20,000 as proposed by the House.

Amendment No. 21, relating to the Department of Commerce, appropriates \$20,000 for printing and binding instead of \$39,500 as proposed by the Senate.

Amendment No. 23, relating to the Department of Commerce, transfers \$262,500 to the Bureau of Customs for enforcement of the export-control program instead of \$225,000 as proposed by the House and \$300,000 as proposed by the Senate.

Amendment No. 24 corrects language.

Amendment No. 25 provides for the transfer of \$15,000 to "Printing and binding" of the Department of Commerce as proposed by the Senate instead of \$20,000 as proposed by the House.

Amendment No. 26, relating to the Department of Commerce, allows \$10,000 to be used for emergency medical services in Alaska, as proposed by the Senate.

Amendment No. 27, relating to the Bonneville Power Administration, appropriates \$665,000 as proposed by the Senate instead of \$625,000 as proposed by the House.

Amendment No. 28, relating to the Bonneville Power Administration, increases a limitation by \$140,000 as proposed by the Senate instead of \$100,000 as proposed by the House.

Amendment No. 29 increases a limitation in the Bureau of Land Management of the Interior Department from \$310,000 to \$325,000, as proposed by the Senate.

Amendment No. 31 inserts language providing for general fund, construction, in the Bureau of Reclamation, as proposed by the Senate.

Amendment No. 32, relating to the Bureau of Reclamation, appropriates \$3,000,000 for the Colorado-Big Thompson project, as proposed by the Senate.

Amendment No. 33, relating to the Bureau of Reclamation, appropriates \$1,000,000 for the Central Valley project instead of \$1,274,281, as proposed by the Senate.

Amendment No. 35, relating to the Bureau of Mines, appropriates \$4,000,000 to liquidate contract authorizations, as proposed by the Senate.

Amendment No. 36, relating to the National Park Service, inserts language to provide for fighting forest fires in Acadia National Park, Maine, as proposed by the Senate.

Amendment No. 37, relating to the Department of Justice, increases limitation on fees of witnesses from \$25,000 to \$50,000, as proposed by the Senate.

Amendments Nos. 38 and 39, relating to the United States Employment Service, appropriates \$40,800 for general administration, as proposed by the Senate.

Amendment No. 40, appropriates \$1,234,185 for grants to States for public employment offices instead of \$2,560,000 as proposed by the Senate. The action of the conference is to deny an amount of \$1,325,185 intended

to be paid into State retirement accounts for the period during which the Employment Service was under Federal supervision. The item is denied pending an opportunity for the Committees on Appropriations to review the question and the legality of the proposed payments.

Amendment No. 41, relating to the Department of the Army, provides for the transfer of \$143,000,000 for government and relief in occupied areas from the appropriation "Pay of the Army, 1948," as proposed by the Senate, instead of a direct appropriation of a similar amount as proposed by the House.

Amendment No. 42, relating to the Department of the Navy, appropriates \$6,450 for the Naval Home instead of \$3,800 as proposed by the House and \$9,100 as proposed by the Senate.

Amendment No. 43, relating to the Post Office Department, "Compensation to postmasters," provides for the transfer of \$1,000,000, as proposed by the Senate, instead of a direct appropriation as proposed by the House.

Amendment No. 44, relating to the Post Office Department, appropriates \$665,000 for "Star-route service," as proposed by the Senate instead of \$765,000 as proposed by the House.

Amendment No. 45, relating to the Post Office Department, "Star-route and air-mail service, Alaska," provides for a transfer of \$224,500, as proposed by the Senate, instead of a direct appropriation as proposed by the House.

Amendment No. 46, relating to the Post Office Department, "Star-route and air-mail service, Alaska, 1946," provides for a transfer as proposed by the Senate instead of a direct appropriation as proposed by the House.

Amendment No. 47, relating to the Post Office Department, appropriates \$300,000 for unpaid money orders more than 1 year old, as proposed by the Senate, instead of \$321,000 as proposed by the House.

Amendment No. 48, relating to the Post Office Department, appropriates \$89,000 for transportation of equipment and supplies, as proposed by the Senate, instead of \$305,200 as proposed by the House.

Amendment No. 49, relating to the Post Office Department, provides for the transfer of \$100,000 for "Operating supplies, public buildings," as proposed by the Senate, instead of a direct appropriation as proposed by the House.

Amendment No. 50 strikes out the proposal of the Senate relating to the Department of State, international obligations and activities, for administration of the program authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended.

Amendment No. 51, relating to the Department of State, international obligations and activities, provides that \$1,600,000 shall be available without regard to section 3709 of the Revised Statutes, as proposed by the Senate, instead of \$2,000,000 as proposed by the House.

Amendment No. 52 strikes out the proposal of the Senate that the Corps of Engineers of the United States Army should handle certain construction work abroad for the Department of State.

Amendment No. 53, relating to the Department of State, allows not to exceed \$100,000 for certain moving expenses, as proposed by the Senate, instead of \$570,000 as proposed by the House.

Amendment No. 54, relating to the Department of State, provides that \$60,000 shall be available for activities authorized by titles II, III, and IV of the United States Information and Educational Exchange Act of 1948, as proposed by the House, instead of \$100,000 as proposed by the Senate.

Amendment No. 55, relating to the Treasury Department, Bureau of Accounts, provides \$300,000 for refunds, as proposed by the Senate.

Amendment No. 56, relating to the Treasury Department, Bureau of Accounts, provides for \$1,000,000 for "Payment of certified claims" to be derived by transfer as proposed by the Senate instead of direct appropriation of \$700,000 as proposed by the House.

Amendment No. 57, relating to the Treasury Department, Bureau of the Public Debt, provides for the transfer of \$361,000 for "Distinctive paper for United States currency" as proposed by the Senate instead of a direct appropriation as proposed by the House.

Amendments Nos. 58, 59, and 60, relating to the Treasury Department, Bureau of Customs, provide for refunds in the amount of \$4,500,000 and for the use of certain collections for reimbursements, as proposed by the Senate.

Amendments Nos. 61 and 62, relating to the Bureau of Internal Revenue, provide an increase in the limitation on printing and binding in the amount of \$140,000, as proposed by the Senate.

Amendment No. 63, relating to the Bureau of Internal Revenue, appropriates \$568,000,000 for "Refunding internal revenue collections," as proposed by the Senate.

Amendment No. 64, relating to the Bureau of Engraving and Printing, provides for the transfer of \$1,250,000 for "Salaries and expenses," as proposed by the Senate, instead of a direct appropriation of \$1,650,000 as proposed by the House.

Amendment No. 65, relating to the Secret Service Division, provides for the transfer of \$10,700 to reimburse the District of Columbia as proposed by the Senate instead of a direct appropriation of the same amount as proposed by the House.

TITLE II—CLAIMS FOR DAMAGES, JUDGMENTS, AND AUDITED CLAIMS

Amendments Nos. 66 and 67 provide for the payment of claims, etc., as set forth in Senate Document No. 132, as proposed by the Senate.

TITLE III—REDUCTION IN APPROPRIATIONS

Amendment No. 68, relating to the Department of the Army, reduces the recession for "Pay of the Army" to \$32,300,000, as proposed by the Senate, instead of \$175,300,000 as proposed by the House.

JOHN TABER,
R. B. WIGGLESWORTH,
ALBERT J. ENGEL,
KARL STEFAN,
FRANCIS CASE,
FRANK B. KEEFE,
CLARENCE CANNON,
GEORGE H. MAHON,

Managers on the Part of the House.

Mr. TABER. Mr. Speaker, I call up the conference report on the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

(The Clerk read the statement of the managers on the part of the House.)

Mr. TABER. Mr. Speaker, the items in disagreement with the Senate relate to the Employment Service and the Unemployment Compensation Commission.

As careful hearings as possible were held this morning by the gentleman from Wisconsin (Mr. KEEFE), chairman of the Subcommittee on the Labor and Federal Security. As a result of those hearings

we developed certain tables which I shall insert in the RECORD.

As a result of those hearings we have reduced the item in amendment No. 12 by \$294,468.

In amendment No. 40 we have reduced the amount by \$1,325,185, this being the

amount of certain retroactive retirement funds about which the authority of the Appropriations Committee to carry funds is in grave doubt. These items can be considered later.

I ask unanimous consent to extend my remarks in the RECORD and at this point

to include two tables which were developed during the hearings.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

(The tables referred to follow:)

Proposed distribution of deficiency funds to States

	Total	Salary increases	Work-load increases	Retirement	Partial restoration of 9 per cent reduction, original budget	Total of 9 per cent reduction, original budget
UNITED STATES.....	\$2,550,268	\$562,796	\$658,122	\$34,882	\$1,294,468	\$3,074,183
Conn. Appeals.....	3,250	1,280			1,970	4,924
Region I:						
Connecticut.....	48,558	28,043			20,515	50,288
Maine.....	11,477		4,477		7,000	17,382
Massachusetts.....	87,856		27,966		59,890	149,725
New Hampshire.....	8,921		3,383	210	5,328	13,320
Rhode Island.....	9,047				9,047	22,617
Vermont.....	6,706	2,450			4,256	10,641
Region II: New York.....	546,574	323,675		16,186	206,713	516,784
Region III:						
Delaware.....	3,121				3,121	7,803
New Jersey.....	160,293	50,291		1,817	108,185	155,333
Pennsylvania.....	198,674		47,362		151,312	256,170
Region IV:						
District of Columbia.....	8,482				8,482	21,205
Maryland.....	21,252				21,252	52,235
North Carolina.....	19,672				19,672	48,563
Virginia.....	18,418		8,772		9,646	24,115
West Virginia.....	12,386				12,386	30,966
Region V:						
Kentucky.....	34,904		25,203		9,701	22,375
Michigan.....	307,850		231,664	10,060	66,126	165,315
Ohio.....	95,256		44,161	2,261	48,834	122,085
Region VI:						
Illinois.....	168,084		54,055		114,029	168,314
Indiana.....	86,066	36,510	34,556		15,000	46,214
Wisconsin.....	35,924	1,735	21,064	2,300	10,825	27,063
Region VII:						
Alabama.....	10,719	10,719				36,813
Florida.....	20,000	20,000				33,090
Georgia.....	21,350	21,350				36,627
Mississippi.....	11,810	5,678			6,132	15,329
South Carolina.....	51,238	24,700	26,538			16,669
Tennessee.....	19,516	1,206		33	18,277	45,693
Region VIII:						
Iowa.....	10,844		3,453	35	7,356	17,571
Minnesota.....	35,983		18,730	524	10,729	41,822
Nebraska.....	13,223		9,608		3,615	9,037
North Dakota.....	7,373	1,534	4,492		1,347	3,363
South Dakota.....	2,721		1,331		1,390	3,232
Region IX:						
Arkansas.....	23,102		14,009		9,093	22,732
Kansas.....	29,132		9,132		20,000	20,947
Missouri.....	57,434	7,954	30,000		19,480	48,700
Oklahoma.....	9,273				9,273	23,183
Region X:						
Louisiana.....						35,783
New Mexico.....	20,270	5,967	10,184	565	3,554	8,884
Texas.....						68,481
Region XI:						
Arizona.....	6,304				6,304	15,761
Colorado.....	12,394		7,832	274	4,288	10,720
Idaho.....	8,708	2,993			5,715	14,288
Montana.....	13,247		8,689	261	4,297	10,742
Utah.....	8,415		2,587	78	5,750	14,374
Wyoming.....	4,832		1,519		3,313	8,282
Region XII:						
California.....	173,196				173,196	432,989
Nevada.....	19,370	10,000	1,592	278	7,500	8,211
Oregon.....	23,391	6,711			16,680	41,701
Washington.....	32,944				32,944	82,360
Territories:						
Alaska.....	2,613				2,613	6,532
Hawaii.....	8,095		5,763		2,332	5,829

Grants to States for public employment offices—Statement of additional costs arising since July 1, 1947

	(a) Salary revisions	(b) Retirement on salary revisions	(c) Retroactive retirement	(d) Farm place- ment budgets	(e) Farm place- ment allocations	(f) Net farm requirements (d) - (e)	(g) Total addi- tional costs (a) + (b) + (c) + (f)	(h) Amounts absorbed by States	(i) Supplemen- tal request (g) - (h)
Alabama.....	\$65,315	\$1,855		\$51,000	\$45,000	\$6,000	\$73,170	\$67,170	\$6,000
Arizona.....	33,754			20,000	20,000		33,754	33,754	
Arkansas.....				47,100	35,000	12,100	12,100		12,100
California.....	410,672	19,507		185,000	180,000	5,000	435,179		435,179
Colorado.....				41,500	31,000	10,500	10,500		10,500
Connecticut.....	37,000			21,000	15,000	6,000	43,000		43,000
Delaware.....				6,000	5,000	1,000	1,000		1,000
District of Columbia.....									
Florida.....				38,000	35,000	3,000	1,000		1,000
Georgia.....	35,000			52,000	40,000	12,000	47,000		47,000
Idaho.....	43,208			31,500	22,000	9,500	52,708	43,208	9,500
Illinois.....	240,354	3,870		81,000	24,000	57,000	301,224		301,224
Indiana.....	60,000	1,950	\$51,000	30,500	20,000	10,500	123,450	112,950	10,500
Iowa.....				39,000	26,000	13,000	13,000		13,000

Grants to States for public employment offices—Statement of additional costs arising since July 1, 1947—Continued

	(a) Salary revisions	(b) Retirement on salary revisions	(c) Retroactive retirement	(d) Farm place- ment budgets	(e) Farm place- ment allocations	(f) Net farm requirements (d)-(e)	(g) Total addi- tional costs (a)+(b)+(c)+(f)	(h) Amounts absorbed by States	(i) Supplemen- tal request (g)-(h)
Kansas.....	\$30,068			\$39,800	\$30,000	\$9,800	\$39,898	\$30,068	\$9,800
Kentucky.....	36,661			30,000	10,000	20,000	56,661	36,661	20,000
Louisiana.....				58,800	55,000	3,800	3,800		3,800
Maine.....				13,000	5,000	8,000	8,000		8,000
Maryland.....				17,350	5,000	12,350	12,350		12,350
Massachusetts.....				7,000					
Michigan.....	136,604	\$8,830		57,000	25,000	32,000	175,434	143,434	32,000
Minnesota.....	147,518	4,794		46,000	40,000	6,000	158,312	152,312	6,000
Mississippi.....				48,000	30,000	18,000	18,000		18,000
Missouri.....				22,900	10,000	12,900	12,900		12,900
Montana.....	10,054	302		26,000	18,000	8,000	18,356		18,356
Nebraska.....	9,194			32,000	23,000	9,000	18,194		18,194
Nevada.....	9,500	257		6,183	6,000	183	9,940		9,940
New Hampshire.....				5,400	5,000	400	400		400
New Jersey.....			\$275,000	42,000	20,000	22,000	297,000		297,000
New Mexico.....				41,200	40,000	1,200	1,200		1,200
New York.....	313,624	18,073	320,380	105,000	90,000	15,000	667,077	320,380	346,697
North Carolina.....				58,388	40,000	18,388	18,388		18,388
North Dakota.....				19,000	18,000	1,000	1,000		1,000
Ohio.....	61,000	2,074		48,000	23,000	25,000	86,074	63,074	23,000
Oklahoma.....	61,464			36,800	24,000	12,800	74,264	61,464	12,800
Oregon.....				25,000	20,000	5,000	5,000		5,000
Pennsylvania.....	372,338	3,723	616,000	71,000	30,000	41,000	1,033,061	376,061	657,000
Rhode Island.....	43,455		15,000	3,000	3,000		58,455	32,690	25,765
South Carolina.....	27,000			41,000	28,000	13,000	40,000		40,000
South Dakota.....				14,500	12,000	2,500	2,500		2,500
Tennessee.....	3,000			52,000	40,000	12,000	15,000		15,000
Texas.....				170,000	170,000				
Utah.....	6,900	69		19,000	15,000	4,000	10,969		10,969
Vermont.....	10,000	762		16,500	15,000	1,500	12,262		12,262
Virginia.....	60,013	396		17,046	12,000	5,046	65,455	60,409	5,046
Washington.....				52,180	50,000	2,180	2,180		2,180
West Virginia.....	11,880			8,420	5,000	3,420	15,300		15,300
Wisconsin.....	25,680	950	47,805	28,500	23,000	5,500	79,935	71,314	8,621
Wyoming.....				17,000	13,000	4,000	4,000		4,000
Less amount rounded off.....	2,301,286	65,412	1,325,185	1,936,567	1,460,000	476,567	4,168,450	1,604,979	2,563,471
									3,471
									2,560,000

Mr. TABER. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Speaker, this is a highly satisfactory solution of what might have been a very troublesome situation. To have taken any other step would have been to practically paralyze the operation of these two important services in a number of States and, as a matter of fact, it would have imperiled the continuity of the service generally throughout the country. In some States, according to the evidence submitted, it would have been necessary to have dismissed as many as 900 employees; in other States, it would have been necessary to have closed the unemployment offices.

It is to be regretted that when the additional appropriation was made a sufficient amount was not authorized to have taken care of the situation without having to incorporate it in this bill. Certainly the House should have agreed to the Senate amendments without requiring this extra conference. But with the House yielding on the Senate amendments as incorporated in the conference report, the continuation of both the unemployment compensation agencies and the public employment offices is assured.

Mr. TABER. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Speaker, I take this time merely to keep the record straight in view of the statement that has just been made by the distinguished gentleman from Missouri [Mr. CANNON], who has the facility for making statements that sometimes do not accord with

the facts. The gentleman has sought to give the impression it is unfortunate we are compelled to consider this deficiency because the matter should have been taken care of in the regular appropriation estimate or when the regular appropriations and estimates were considered for the fiscal year 1948.

The fact of the matter is, as the gentleman from Missouri well knows, the figures which are included in this estimate, providing supplemental funds for the administration of the unemployment compensation facilities in the States and providing funds for unemployment services in the States, did not arise as a result of any such situation. They have arisen because of situations that could not be in contemplation of the committee at the time the budget estimate was considered due principally to wage increases that have been given State employees in these two services, many of which wage increases took place and were effective long after the committee considered the budget estimates under which the 1948 budget was prescribed. So it is a well-known fact that in the administration of both the UC and the Employment Service, they are confronted with an imponderable situation as to the necessity of expenditure because of varying work loads and no one could tell at the time the regular estimates were submitted or at the time they were considered exactly what that situation would be. We have had the identical situation as long as I have been a Member of Congress and that is what the Deficiency Committee is for.

When we have gotten the facts together, as we have finally gotten them

together as a result of the hearings conducted this morning, we are providing the deficiency funds as a result of situations that have risen since the regular 1948 appropriation and estimates were considered.

Mr. TABER. Mr. Speaker, I yield one-half minute to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Speaker, I ask unanimous consent that in connection with the bill making appropriations for Government corporations and so forth, the minority may have opportunity to file minority views at any time prior to midnight tomorrow and that they be printed in the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TABER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

CONSTRUCTION AT MILITARY INSTALLATIONS

Mr. WADSWORTH. Mr. Speaker, I call up House Resolution 574.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6342) to authorize the Secre-

tary of the Army and the Secretary of the Air Force to proceed with construction at military installations, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. WADSWORTH. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, I am thoroughly conscious of the fact that the House would like to finish its business today on this bill so it can adjourn over until Monday, as has been announced by the leadership. Consequently my remarks upon this rule will be exceedingly brief, and I hope that the Members present will proceed with some expedition to dispose of this rule and later the bill if the rule is adopted.

Mr. Speaker, this rule, if adopted by the House, will bring before the House H. R. 6342, a bill entitled "To authorize the Secretary of the Army and the Secretary of the Air Force to proceed with construction at military installations, and for other purposes." The bill was reported to the House by the Committee on the Armed Services, as I am informed, by unanimous vote.

Just a word about the rule. The rule is of the usual kind. The bill can be debated in the Committee of the Whole for 2 hours, if the Members want to take that long, and upon completion of general debate the bill will be open for amendment under the 5-minute rule, as is the usual practice.

I may say just a word about the bill itself, but I shall not go into details because I will rely and I am sure you will rely on the members of the Armed Services Committee to explain the bill in such fashion as we shall all understand it. If you will examine the committee report as well as the bill itself you will find that this bill, if passed, would authorize a certain amount of construction for the Ground Forces and the Air Force. The amount authorized in this bill, as I recollect, is far below the amount originally requested by the services and contained in the budget. As a matter of fact, it has been carved down about as low as can be done and still meet some of the most urgent projects.

You will note that a good many projects listed in the bill, in fact, more than half of them, measured in dollars and cents, are to be installed outside of the continental United States. A very important group of them is to be installed in Alaska for the use not only of the Ground Forces, but of the Air Force, and without those installations it will be quite impossible for either of those services to maintain forces in Alaska suitable to the defense of the United States in that part of the world. Other extra continental projects are provided for in the Philippines and in the Marianas, which

we have now taken under our control, and in which certain elements of our forces must be maintained; in Bermuda, in Newfoundland, and one or two other places outside of the continental United States.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Michigan.

Mr. DONDERO. Does it include Nome, Alaska?

Mr. WADSWORTH. I am not familiar with the entire list of the Alaskan projects. The gentleman from Massachusetts [Mr. BATES] will go into detail on that.

Mr. DONDERO. The reason for the question is that our Committee on Public Works has been considering Nome, Alaska, and the question of building a sea wall to keep the town from going into the ocean and to protect the only airport that we have across the Bering Sea from Russia.

Mr. WADSWORTH. The reason that the construction is necessary in the extra continental possessions is this: They were taken over during the war, that is, the islands in the Pacific, and stations in the West Indies, and Newfoundland, and there were erected at different places purely temporary structures. In Alaska it is quite impossible to house troops in that severe winter climate in anything like a temporary shack, like the structures that we erected during the war in other parts of the world. Take Okinawa, for instance, which has become an important post. There are no provisions there for housing troops decently. They are living today under conditions which discourage the men, and it is very doubtful to me that a man would reenlist if he has to live under those circumstances. You might also note some of the disagreeable conditions in the United States, especially in the neighborhood of our air fields which were very hastily laid out during the war. The fields themselves are excellent, but nothing like permanent housing is built on them, with the result that many of the officers and men, family men, are living literally in shacks, and the testimony shows that when a man has served 3 years at a place like that, he simply will not reenlist, with the result that there is demoralization in a good many posts scattered not only in our overseas possessions, but here in the United States. That is the general need for the bill so far as housing is concerned.

The bill also authorizes certain construction to establish communications, especially in Alaska, radio communications, of which there are scarcely any today and which we must have; also to improve some of the posts at which we are making scientific investigations and experiments. As I recollect, the original budget request was for a good many hundreds of millions of dollars. The Committee on Armed Services has cut that to \$208,000,000 in authorizations, total, of which \$122,000,000 will be spent in those overseas possessions to which I have referred and about \$90,000,000 in the United States.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. BATES of Massachusetts. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6342) to authorize the Secretary of the Army and the Secretary of the Air Force to proceed with construction at military installations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6342, with Mr. HILL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. BATES of Massachusetts. Mr. Chairman, the purpose of this bill, H. R. 6342, is to authorize the construction of the public works programs of the Army and the Air Force both in the continental United States and overseas. The total cost of the projects included in this bill is slightly under \$208,000,000. Of this total sum approximately \$86,000,000 is to be expended on projects located inside the United States, out of which funds \$54,000,000 or 63 percent is to be spent on housing, barracks, bachelor quarters and family quarters for officers, non-commissioned officers, and civilians.

The provisions of the bill provide that approximately \$122,000,000 is to be spent on projects located in our overseas stations including Alaska. Of this amount, \$53,000,000 or approximately 44 percent is to be spent on housing facilities.

A number of projects included in this bill are of vital strategic importance to national defense, such as the development of Alaskan defenses, including air bases and port facilities; the development of Ground Force bases and Air Force bases in Guam and of certain air bases in the North Atlantic Ocean areas. Important projects inside the United States include essential technical and research facilities required in connection with the development of rockets, guided missiles, and other weapons; the development of a very heavy bomber air base in South Dakota and the provisions of essential communication facilities and equipment at various Air Force stations throughout the United States.

I would like to call particular attention to the fact that the total authorizations included in this bill represent only about one-tenth of those originally requested, that is, \$207,000,000 as against \$2,000,000,000 asked for by the field activities of the Army and Air Force.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I would rather proceed with my statement, after which I shall be very glad to yield, unless the gentleman has a question at this particular point.

Mr. CASE of South Dakota. The question I wanted to ask had reference to the amount of money suggested for building different types of family quarters. If the gentleman would rather have me ask that later, I will be glad to.

Mr. BATES of Massachusetts. I have that in part of my general statement.

In August 1946 the field agencies of the Army and Air Force submitted a construction program for fiscal year 1948 comprised of projects aggregating approximately \$2,000,000,000. Subsequently, the Departments adopted a policy to house all elements and activities of the Regular Army in permanent-type facilities by June 30, 1962, for continental United States and June 30, 1960, for overseas areas, exclusive of areas of occupation. This resulted in the \$2,000,000,000 construction program being screened down to about \$1,000,000,000. However, on December 16, 1946, the Bureau of the Budget set a limit of \$225,000,000 on the total amount of construction which could be requested in enabling legislation. This figure has been reduced by approximately \$10,000,000 by subsequent action of the Bureau of the Budget, which left about \$215,046,000 as the total for which an appropriation could be requested for the current fiscal year. The authorization included in the bill total some seven or eight million dollars less. This reduction affected funds for administration of prior year's work, certain planning, termination charges, and certain real-estate administration items. In order to limit the construction-authorization request to such a low figure, it was necessary for the Army and Air Staffs to eliminate from the originally submitted programs all but the highest priority, most urgently needed projects.

With particular reference to the public-works program of the Air Force, I think the following observations are pertinent:

First. Facilities included in the Air Force construction budget for fiscal year 1948 consist of (1) operational facilities, (2) research and development facilities, and (3) family housing. During the war construction of Air Force facilities was necessarily designed to accommodate conventional aircraft which are now obsolescent. It is now necessary to provide airfields and facilities commensurate with the requirements of high-performance aircraft presently leaving the manufacturer's production lines.

Second. Operational facilities for training, maintenance, and for safety of personnel and equipment consisting of communications installations, control towers, crash stations, and so forth, are urgent requirements at certain locations.

Third. Progress in the field of research and development is such that we are behind the times in providing facilities for flight and static test of rockets, high-speed aircraft, and maintenance facilities for advanced aircraft now ready for tactical operations.

We must progressively and to the maximum extent possible with available funds build the airfields and Army posts and installations required for the operations of our post occupation Army and Air Force. Failure to provide sufficient funds for operational facilities denies the armed forces the facilities necessary for the training and the bases necessary to guarantee the future security of the United States.

Inasmuch as this bill includes two projects related to the completion or

modification of wind tunnels, a few remarks concerning facilities of this character are appropriate.

Wind tunnels vary, first, depending on the air speeds at which tests are to be made. Depending upon the air speeds, the basic designs must vary substantially. Thus a low-speed tunnel adapted to testing at 180 miles per hour cannot be employed at supersonic speeds, or even at high speeds in the subsonic range, that is, 500 or 600 miles per hour.

Tunnels are also identified as full scale, basic research, airfoil section, free flight, altitude, ice research, gust, and many other designations descriptive of the tests for which the tunnel is designed.

A detailed study of the wind-tunnel requirements of the Government has been completed by the Joint Army-Navy Research and Development Board and all proposed new tunnels or improvements to existing facilities must be approved by that Board.

The Joint Army-Navy Research and Development Board, the National Advisory Committee of Aeronautics, and the research and development groups of Air Force, Army, and Navy are operating in very close collaboration. The recent greatly increased activity in this field of research has resulted in an actual shortage of this facility and the necessity for the establishment of a policy by the Joint Army-Navy Research and Development Board that all wind tunnels be utilized mutually to the maximum possible extent by all service.

The completion of the supersonic tunnel at the California Institute of Technology, an Army-Navy and Air Force installation, is essential for testing the dynamic characteristics of jet-propelled bodies.

Wind tunnel projects included in the fiscal year 1948 budget are as follows:

Station and item	Total cost
California Institute of Technology: complete supersonic wind tunnel.	\$410,700
Wright-Patterson Air Force base: Scavenging building for existing and modifying 10-foot wind tunnel for testing jet engines.	330,000

I have discussed briefly what seems to me the most important projects in this bill. It is very evident that these projects are vital for strategic purposes and for the rapid implementation of advanced technical programs concerned with the development of modern-day weapons of warfare.

The critical need of the Army and Air Force for family housing cannot be over-emphasized.

Of the total expenditures authorized by this bill well over half will be for the construction of urgently needed housing for officers and enlisted personnel and civilian employees in the continental United States and overseas. This will include barracks, bachelor officer quarters, and family quarters.

Under existing law, monetary limitations are placed on the amounts which may be expended for the construction of family quarters for military personnel. These limitations are set forth in the act of June 25, 1910 (36 Stat. 721), as

amended by the act of February 1947 (44 Stat. 1235). The limits are as follows:

For officers above the rank of captain.	\$14,500
For captains and officers below the rank of captain.	12,500

Present costs of labor and materials are such that it is impossible to construct quarters within the limits stated above. Accordingly, a provision has been included in this bill which would repeal the existing monetary limitations and substitute in lieu thereof space limitations, based on net floor area in square feet, for the various ranks and grades.

These limitations are as follows:

	Square feet
For general officers.	2,100
For colonels.	1,670
For majors and lieutenant colonels.	1,400
For warrant officers, flight officers, and commissioned officers of and below the rank of captain.	1,250
For enlisted men.	1,080

Under the space-limitation method, a cost factor will be developed each fiscal year which will be based on current labor and material costs. This factor will represent the current cost of construction per square foot of floor area. It will be applied to the total area in computing the cost in any year of quarters for a given rank or grade. The factor applicable to the year 1948 is \$13 per square foot. That figure represents the average cost within the continental United States. Because of transportation and other additional costs, construction at many overseas installations will necessarily be more expensive. Hence, in estimating the cost of overseas construction in a given area, an additional factor will be applied as a multiplier. The additional factor will take into account the differences in the cost of labor, transportation, and other elements in the particular overseas area in question as compared with similar costs in the United States.

Lack of dependent family housing that will permit the accommodation of families on decent standards has resulted in many expensively trained men refusing to reenlist and, instead, accepting positions in private industry where salaries and living conditions permit more desirable family relations.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I may say that I am somewhat concerned on this proposal to lift the dollar limitation on the amount of money that may be expended for officers' quarters. I can remember the day—and I was talking with the gentleman from Pennsylvania [Mr. MUHLBERG] a few minutes ago, and he remembers the day because he was in the construction service of the Army—when \$7,500 was the limitation upon the amount that might be expended for a certain type of officers' quarters. In this bill the limitation is raised to \$20,000.

The gentleman has just said there would be some difference in the cost of

construction as between continental United States and outside of the United States, yet an examination of the report shows that the same figures have been used for estimating the cost of officers' family quarters construction for the entire continental United States without taking into consideration the difference in requirements between building in Texas, let us say, and building in Maine, or building in Oregon and building in Florida.

Now, obviously when you do not have the same heating problems there should be some difference in the cost of construction, and I may say very frankly that as far as I am personally concerned unless some limitation is placed in this bill I shall seek to place a limitation in the appropriation bill for actual construction, for although I know there is a great need for housing, I cannot bring myself to propose agreeing to a construction program that contemplates on officers' quarters, \$24,000 for colonels' quarters in the continental United States, \$20,750 for lieutenant colonels and majors; \$18,750 for captains, lieutenants, and warrant officers, and \$16,540 for non-commissioned officers.

If we are going to engage in a construction program, the aim ought to be to provide decent quality certainly, but we need numbers of units and we cannot finance an adequate program of housing for officers if we are going to build \$25,000 houses for colonels, \$20,000 for lieutenant colonels, and \$18,750 for captains, lieutenants, and warrant officers.

Mr. BUCK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BUCK. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Fifty-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 56]

Abbutt	Fernandez	Kirwan
Allen, Ill.	Fogarty	Klein
Andrews, Ala.	Footo	Knutson
Andrews, N. Y.	Gallagher	Lane
Bates, Ky.	Gamble	Larcade
Battle	Garmatz	Latham
Beall	Gillie	Lesinski
Bell	Graham	Lewis, Ky.
Bennett, Mo.	Grant, Ala.	Lowe
Bloom	Gross	Ludlow
Bonner	Gwynne, Iowa	Lyle
Boykin	Harless, Ariz.	Lynch
Buckley	Harness, Ind.	McCowan
Byrne, N. Y.	Harrison	McGarvey
Carson	Hartley	McGregor
Celler	Hays	McMillan, S. C.
Chapman	Hébert	Macy
Cheroweth	Hedrick	Madden
Clark	Heffernan	Manasco
Clippinger	Hendricks	Mason
Cole, N. Y.	Hoeven	Meade, Md.
Cotton	Isacson	Morrow
Crosser	Jackson, Calif.	Miller, Calif.
Davis, Tenn.	Jarman	Mitchell
Dawson, Ill.	Jenkins, Ohio	Morgan
Delaney	Jennings	Morrison
Dingell	Johnson, Ind.	Multer
Dirksen	Johnson, Okla.	Norrell
Dorn	Jones, Wash.	Norton
Douglas	Kearney	O'Toole
Elliot	Kee	Patman
Engel, Mich.	Kefauver	Peden
Engle, Calif.	Keogh	Peterson
Fellows	Kerr	Pfeifer

Plumley	Rooney	Smith, Va.
Potter	Schwabe, Mo.	Somers
Poulson	Scoblick	Spence
Powell	Scott, Hardie	Stigler
Price, Fla.	Seely-Brown	Stratton
Rains	Sheppard	Taylor
Ramey	Short	Thomas, N. J.
Reeves	Sikes	West
Riehlman	Simpson, Ill.	Whitaker
Rivers	Simpson, Pa.	Whittington
Rizley	Smathers	Wilson, Ind.
Rockwell	Smith, Kan.	
Rogers, Fla.	Smith, Maine	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 6342, and finding itself without a quorum, he had directed the roll to be called, when 291 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

Mr. BATES of Massachusetts. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6342) to authorize the Secretary of the Army and the Secretary of the Air Force to proceed with construction at military installations, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the RECORD and include a very fine statement by Mr. Russell.

Mr. HORAN asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances.

Mr. GRANGER asked and was given permission to extend his remarks in the RECORD.

Mr. ANDERSON of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include two articles.

Mr. ALLEN of Louisiana asked and was given permission to extend his remarks in the RECORD.

Mr. SADOWSKI asked and was given permission to extend his remarks in the RECORD.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

RECEIPT OF MESSAGES FROM THE SENATE AND THE SIGNING OF ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and

that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

BACON AND BREAD FOR THE BRITISH

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I notice in this morning's paper an article entitled "Bacon and Bread Ordered for British. Hoffman Says \$33,500,000 Shipment by ECA Will Be Purchased in Canada."

Mr. Speaker, that means that the people of the United States are furnishing \$33,500,000 for the shipment of these commodities to Great Britain and that we are going to Canada to buy them.

I would like to know why we should take American dollars and go over to our neighbor, Canada, a blood relative of Great Britain, and buy their stuff. Canada should aid and assist Great Britain with the things it needs. Yet we have to use American dollars which belong to the American people to buy this food for the British. Now, some people came into my office today asking for aid and assistance for our own American people. They cannot get it. Yet we can do everything for everybody else. Let me tell you that I am for America first, last, and all the time. Canada has a credit in this country right now. Why does Canada not borrow the money from us and take care of the British needs and assist her mother country? Why ask America to furnish foodstuffs for England when Canada has it and we have not? It seems to me that we ought to be sensible and do the things that are right and proper, but I do not think that this is one of them.

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 30 minutes.

RESTORATION OF GERMAN CARTELS A DANGER TO UNITED STATES SECURITY

Mr. HOLIFIELD. Mr. Speaker, at this time the Congress is earnestly and properly giving the most serious consideration to questions of national security and defense. There is a danger, however, that in concentrating solely on present tensions and difficulties, we may take actions which will serve only to build up greater dangers to our security in the days ahead. I refer specifically to the current emasculation—I might even say, the deliberate sabotage—of our program for eliminating German cartels.

On Friday, April 23, it was reported in the Washington Post that a horrifying memorandum had just been found in Germany. This was a request, written by the I. G. Farben Co. during the war, for permission to build a new crematorium adjacent to the slave labor camp run by this company, which should have

the capacity to cremate 40 bodies per day. It was stated that this evidence was expected to clinch the guilt of the Farben directors under trial as war criminals. However, just as this evidence was uncovered, Gen. Telford Taylor, the hard-working prosecutor in these trials, was suddenly summoned to Washington, over his own protest. On another page of the same paper appeared the news item that 23 of the I. G. Farben officials had been acquitted of the charges of plundering Czechoslovakia and Austria and of a common plan of conspiracy against humanity and of having committed war crimes.

Why has General Taylor been ordered to drop his important prosecution of the Nazi industrial criminals? I challenge our Secretary of War, General Royall, to explain to Congress and the American people the reasons for recalling a man who has been earnestly and tirelessly conducting the prosecution of the Nazi cartellists. Does this recall indicate that General Taylor will be replaced by a different and "softer" prosecutor or does it mean that the war trials are to be ended very soon? Has there been a major change in policy toward the decartelization of Germany industry? Does the recent clearance given Krupp Von Bohlen and the 23 I. G. Farben officials set a new and dangerous pattern—horribly reminiscent of the post-War I period—of rebuilding German monopolies?

It is true that there still remains charges against these men of having plundered Nazi-occupied Poland, Norway, France, and Russia; charges of mass murder and slavery, participation with the Nazis in waging aggressive warfare and membership in the notorious storm troopers. Will they be cleared of these criminal charges, too?

Drew Pearson, in commenting on the recall of General Taylor, said:

Simultaneously, certain highly placed defense chiefs have started a quiet drive to save both the factories and the personnel of I. G. Farben, the Krupps, and other big munitions makers.

This is probably the most significant development in Germany today.

This news must be considered in the light of certain developments which took place about the middle of March. At that time a new cartel policy was announced by our military government in Germany, a policy which virtually means the end of our decartelization program. The memorandum in which this policy was embodied exempts from the program all vertically integrated concentrations of industry; it suspends the program as to cartels in heavy industry and restricts it to consumer-goods industries; it requires that a clean bill of health be given to the companies thus exempted. This memorandum, which is in direct contravention of the existing decartelization law promulgated in cooperation with the British on February 12, 1947, represents the culmination of a long series of efforts on the part of special interests to weaken and destroy the decartelization program. The quiet drive, referred to by Drew Pearson, is not new. It began while the war was yet in progress. It has continued day in and day out since the ending of the war. De-

tail for detail, it repeats the process that took place following World War I. If successful, this drive on behalf of the monopolies and the monopolist of Nazi Germany will seriously weaken our efforts toward the establishment of multilateral world trade, and will provide a new totalitarian threat to our national security in the future.

Let me trace for you briefly the evolution of our national policy toward cartels. When World War II broke upon the world, the people of the United States discovered that our country was faced with very serious shortages of many critical and strategic materials. It was found that in many cases this situation had been brought about because of restrictive cartel agreements entered into between United States firms and producers in other countries. These international cartels exercised monopoly control in world trade over many articles of commerce, fixing prices, allocating markets, and restricting production. Many such cartels were dominated by their German members, who used them not merely as trade organizations but as political instruments of economic warfare. Cartels were used by the Nazis to obtain secret technological information, and to keep production low in other countries. Cartels even were used for espionage purposes. This story has been fully documented in hearings before a number of congressional committees. Among them I might mention the extensive investigations of the Subcommittee on War Mobilization of the Senate Military Affairs Committee; hearings held by the Senate Special Committee Investigating the National Defense; and the joint hearings before a subcommittee of the Senate Committee on the Judiciary and the Special Committee Investigating Petroleum Resources. I will quote two brief paragraphs from a report on cartels and national security, issued by the Subcommittee on War Mobilization just mentioned. These paragraphs tell the story in a nutshell:

The role which the cartels played in abetting Hitler's seizure of power has been recounted at length in testimony before Congress. Krupp, Thyssen, and other powerful figures on the German industrial scene provided the Nazis with indispensable financial and political support.

Almost immediately, as a consequence of this unholy alliance between Hitler and the cartellists, Germany's plans for economic warfare, aimed at ultimate world domination, were expanded. The German Government became a silent partner in the multitude of cartel agreements among German, American, British, French, and other concerns with which German industry had established cartel relations.

Under cover of cartel agreements, Germany penetrated the economy of other nations, including the United States. Using their cartel affiliates or subsidiaries, German industrialists built up a network which impaired the production of other nations, obtained sources of foreign exchange for Germany, gathered economic intelligence, and spread Nazi propaganda.

The truth about this situation was further brought to light through a series of anticartel suits brought by the United States Department of Justice. Between 1939 and 1944, 37 such suits were begun. In some of them convictions have been

obtained. Many were suspended for the duration of the war in order not to hamper the flow of our war production, and are only now reaching trial.

By way of illustration, let me cite one case in which a verdict has been rendered. In July 1945 the National Lead Co. and E. I. du Pont de Nemours Co. were found guilty by a United States district court of violating the Sherman antitrust law by maintaining a monopoly in the manufacture of titanium. The two firms were also held to have been part of an illegal international titanium cartel. Conspirators listed in the complaint included I. G. Farben as well as French, Canadian, and Japanese members. Titanium and its compounds are used for the manufacture of paints, rubber, glass, paper, and other materials of importance both in peace and in war.

In a 45-page opinion, the presiding judge commented upon the fact that prior to the entry of the United States into the war, the cartel members had regarded the war as merely a temporary interruption to their arrangements. The judge evidently doubted the sincerity of protestations on the part of the defendants that they had no intention of renewing these relationships. He said:

The inference I draw is that there is a preponderant probability that the underlying conspiracy persists.

It was also brought out in this case that patents relating to the manufacture of titanium belonging to I. G. Farben were assigned to the National Lead Co. for the express purpose of preventing their seizure by the Alien Property Custodian in event of war between the United States and Germany. Fortunately, Government action has resulted in the opening of these patents to other concerns on a royalty-free basis—see Hearings on the Foreign Contracts Act, page 61, May 18, 1945, United States against National Lead Co. et al., in United States District Court for the southern district of New York, civil action No. 26-258, opinion filed July 5, 1945.

As a consequence of these revelations, and as the unfortunate economic effects of such restrictive agreements began to be better understood, the United States strengthened its historic policy of promoting competition in trade. Here is an excerpt from a letter written by President Roosevelt to Secretary of State Hull in September 1944:

SEPTEMBER 6, 1944.

To the SECRETARY OF STATE.

DEAR MR. SECRETARY: During the past half century the United States has developed a tradition in opposition to private monopolies. The Sherman and Clayton Acts have become as much a part of the American way of life as the due-process clause of the Constitution. By protecting the consumer against monopoly these statutes guarantee him the benefits of competition.

This policy goes hand in glove with the liberal principles of international trade for which you have stood through many years of public service * * *

Unfortunately, a number of foreign countries, particularly in continental Europe, do not possess such a tradition against cartels. On the contrary, cartels have received encouragement from some of these governments. Especially is this true with respect to Germany. * * * The defeat of the Nazi

armies will have to be followed by the eradication of these weapons of economic warfare. But more than the elimination of the political activities of German cartels will be required. Cartel practices which restrict the free flow of goods in foreign commerce will have to be curbed. With international trade involved, this end can be achieved only through collaborative action by the United Nations.

The reply of Secretary Hull stated that the Department of State was preparing policy proposals for the curbing of international cartels, as a basis for discussions with the United Nations. These proposals, after a long series of negotiations among the nations, have been embodied in chapter V of the charter of the International Trade Organization recently drafted at Habana.

The policy toward cartels announced by President Roosevelt has been continued by President Truman, who included the following passage in his message to Congress on the State of the Union, delivered January 14, 1946:

The view of this Government is that, in the longer run, our economic prosperity and the prosperity of the whole world are best served by the elimination of artificial barriers to international trade whether in the form of unreasonable tariffs or tariff preferences or commercial quotas or embargoes or the restrictive practices of cartels.

Committees of the Congress have been definite in their recommendations that German cartels should be eliminated in the postwar period. The Subcommittee on War Mobilization of the Senate Military Affairs Committee recommended the following steps: Seizure of and retention by the United Nations of all Nazi cartel interests, including patents and all German property in the various United Nations; outlawing of the international cartel system; free flow of trade as a means to develop high standards of living throughout the world, which will tend to eliminate conditions favorable to the formation of cartels; establishment of machinery for intergovernmental cooperation in this field; exchange of scientific information among nations, within the framework of an international economic organization, and revision of the United States patent law to require nonexclusive licensing of patents on discoveries originating abroad, with payment of a reasonable royalty; free licensing of patents of enemy origin, both those directly vested and those held by vested or supervised business enterprises, and granting of additional domestic enforcement authority to the Department of Justice, if needed. Some, but by no means all of these recommendations have been put into effect.

The House Special Committee on Postwar Planning and Economic Policy, in its sixth report, issued on May 8, 1945, called for an international conference for the purpose of removing trade barriers. In its eighth report, issued on November 12, 1945, this committee commended efforts of American negotiators to further the creation of an international trade organization. The concluding paragraph of the report states:

The International Trade Organization . . . can become an instrument for American foreign policy in reaching and maintaining agreements to remove trade barriers and restrictions. It may also serve to

scrutinize on an international scale cartel policies and commodity agreements. The committee heartily endorses the initiative of the Departments of State and Commerce to this end.

However, in spite of all the investigations and policy decisions, there is ample evidence to show that many cartel arrangements were merely suspended for the duration of the war. Their resumption after the war's end was contemplated and has, in fact, taken place. From time to time voices have been raised on the floor of this House warning of the danger of the postwar revival of German-dominated cartels. Have we forgotten that a meeting of German and British industrialists took place in Dusseldorf immediately after Hitler's entry into Czechoslovakia, at which meeting plans were laid for continued collaboration on a cartel basis? Have we forgotten that a meeting took place in Lisbon just prior to General Eisenhower's landing in Normandy in June 1944, which was attended by representatives of I. G. Farben, Krupp, and other German monopolists, together with representatives of some of the largest American firms? At this meeting was one Daniel Heineman, representative of a huge public utility known as the Sofina Co. This man, a week before the invasion of Brussels was provided by Hitler with a special guard so that he might get safely away, carrying important documents, securities, and cash. Thus the Germans could renew their cartel operations using Spain as a convenient base.

Have we forgotten that careful plans were made by the German cartelists to preserve their Latin-American markets using cloaking devices of various kinds during the war? And that as the defeat of Germany drew near German nationals and German capital poured into some of these countries, especially Argentina?

It is evident that we will disregard these many indications of the continuation of cartel ties, at our peril.

Now let me come to the story of our decartelization policy in Germany.

A directive—JCS 1067—from the Joint Chiefs of Staff to the United States commander in Europe, then General Eisenhower, was issued in April 1945, although not finally approved by the President until May 11. Among its provisions were the following:

You will prohibit all cartels or other private business arrangements and cartel-like organizations, including those of a public or quasi-public character, such as the Wirtschaftsprüfungsgesellschaften, providing for the regulation of marketing conditions including production, prices, exclusive exchange of technical information and processes, and allocation of sales territories. Such necessary public functions as have been discharged by these organizations shall be absorbed as rapidly as possible by approved public agencies.

It is the policy of your government to effect a dispersion of the ownership and control of German industry.

Note that this directive does not address itself to the question of the level of German industry. It is dealing with the structure of industry. It is evident that the purpose is to break up excessive concentration of industry in whatever form such concentration may exist, and to bring about a condition of economic de-

mocracy of that free enterprise in which we profess to believe.

After the formal surrender of Germany, a directive was issued from the United States Forces, European Theater, to the commanding generals of the various military districts, ordering the prohibition of cartels.

On July 5, 1945, the United States Military Government issued General Order No. 2, providing that ownership and control of I. G. Farben property in the United States zone was to be broken up. All such property was to be available as reparations to the United Nations; any such property remaining in Germany consisting of facilities for war production was to be destroyed. A special order issued the same day appointed an I. G. Farben control officer to carry out the general order.

The Potsdam agreement which was announced on August 2, 1945, also contained a provision regarding cartels, in entire harmony with the aforementioned directives, as follows:

At the earliest practicable date the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts, and other monopolistic arrangements.

In November 1945 Law No. 9 was issued by the Allied control authority. It related to seizure and control of property owned by I. G. Farbenindustrie and was similar to General Order No. 2, except that since Farben property was in all four zones its control was made a four-power project, under a control committee made up of officers appointed by the respective zone commanders.

Long and fruitless negotiations followed concerning the promulgation of a quadripartite decartelization law. Since agreement continued to be delayed, the military governments of the United States and the United Kingdom on February 12, 1947, simultaneously issued laws to be operative in their two zones. These laws were in the main parallel. They are generally referred to as the decartelization laws, although their official title is "Prohibition of Excessive Concentration of German Economic Power."

Both laws outlaw—and I quote:

Cartels, combines, syndicates, trusts, associations, or any other form of understanding or concerted undertaking between persons, which have the purpose or effect of fostering monopolistic control of domestic or international trade or other economic activity, or of restricting access to domestic or international markets.

A list of restrictive practices forbidden under these laws is an almost exact duplicate of similar provisions to be found in the draft charter of the International Trade Organization.

Thus far the policy adopted by the United States concerning German decartelization has been consistent with our over-all policy toward cartels. However, two modifications have since occurred which entirely change the picture.

The first of these was a new directive issued on July 11, 1947, to the commander of the United States occupation forces in Germany, Gen. Lucius Clay,

from the Joint Chiefs of Staff. This directive shifted the emphasis away from the prevention of the resurgence of German power and centered it upon the economic revival of Germany. The section of the directive dealing with economic institutions, while approximating the language used in JCS 1067, allows much more latitude for administrative discretion.

In view of the July 11 directive, is it any wonder that the extreme slowness of the functioning of the decartelization program was noted by the New York Times on September 20, 1947, when months after the passage of the law, the first achievement report by the British and United States officials had not yet appeared. Decartelization officers were reported to attribute this slowness to three major causes: severe personnel cuts; the policy of putting most decartelization work into the hands of the Germans; and a desire to reorganize a cartelized business so thoroughly that the reform would last. Insistence on needlessly complex paper work on the part of the Germans, the newness to them of the economic concepts being followed, and a possible desire to sabotage the undertaking, were mentioned.

The most serious change was made, however, in the memorandum of March 13, 1948, to which I referred at the beginning of my speech. This memorandum, which virtually nullifies the provisions of the decartelization law, was made possible, it is asserted, by the latitude allowed under the directive of July 1947.

Now I want to make clear the purposes which underlie this stultification of the program, and to describe the administration of the law. Before I do so, however, I would like to clarify one very misleading concept which has been carefully fostered by those who wish to protect cartels. This is the idea that cartels are only condemned by left-wingers and that it is necessary to maintain the cartel structure in order to foster a strong Germany as a bulwark against Russia. I will quote to you from the testimony of a representative of that notorious left-wing organization, the National Association of Manufacturers. This is taken from the testimony of R. J. Dearborn, president of the Texaco Development Corp. and chairman of the patent committee of the National Association of Manufacturers, given on May 22, 1945, before a subcommittee of the Senate Committee on the Judiciary:

The National Association of Manufacturers, through its board of directors, has taken the following position on cartels: " . . . The National Association of Manufacturers stands squarely against cartels of every description, both private and governmental."

You will recall also that Eric Johnston, while president of the United States Chamber of Commerce, spoke out very strongly against cartels while on a trip to Great Britain. It has been reported also that two directors of the National Association of Manufacturers were very active on a committee entitled "Free Enterprise versus Cartels" at a meeting of the International Chamber of Commerce held in Montreux, Switzerland, in June 1947. This subject of cartels seems to be

one of the few in which the official positions of labor and of big business in the United States are in harmony.

It should be evident to any reader of history that a totalitarian Germany can never serve as a bulwark against a totalitarian Russia. It is only if we help a democratic Germany to emerge—democratic, both politically and economically—that we can expect ties of real friendship to develop. Otherwise, as Walter Lippmann has pointed out, there will be every reason to fear that a strong totalitarian Germany may join hands with Russia against us in a third attempt to win supremacy. We will be criminally foolish if we ignore this danger.

Justification for the weakening of our decartelization program is sometimes sought on the ground that increased German productivity is badly needed to bring about a recovery of western Europe. But maximum production is not attained through a monopoly structure, but through free, competitive enterprise. Surely we would be greatly mistaken to restore the prewar pattern, in which Germany by means of patent and cartel agreements maintained a strangle hold over so much of European industry. What we should and must strive to attain, if we are honest in our professed beliefs, is a healthy productive Europe in which democratic and self-sustaining nations freely compete in the market place. There is no free competition in a cartelized economy.

The weakening of our cartel program is not to be laid at the door of General Clay, who is in no way responsible. Nor is it the fault of the lower echelons of the decartelization branch of our military government. These staff members, on the contrary, launched a strong protest against the new policy, a protest which was reported to this House in full on March 25. The change in policy is to be attributed to the fact that in places of authority are too often to be found men who have had previous connections with the very business firms who have engaged in cartel practices in the past. I am not in any way impugning the patriotism of these men. But it is plain that their past experience and the whole set of their minds is such as to render them sympathetic to cartels and other types of restrictive arrangements.

Some of these men have already been named on the floor of this House. One of the foremost of them is Under Secretary of War, William H. Draper, formerly connected with Dillon Read, the firm which floated a \$30,000,000 bond issue for the German steel trust prior to the war. General Draper's son-in-law, Philip Hawkins, formerly with the Hercules Powder Co., is in charge of the Property Division of the military government in Germany, of which the Decartelization Branch is a part. In 1946, when a group of American industrialists was taken on a tour of Germany by the War Department—a group which included representatives of firms with past cartel connections, at least one of such firms being under indictment by the Department of Justice—this group was addressed by General Draper, who was at

that time serving under General Clay in Germany. The general so belittled the decartelization program that he was subjected to severe reproof by General Clay.

It is such influences as these that have been building for a renewal of business as usual with the German cartels, who played so successful a role in support of Germany's militarists. We should awake as to what is going on. The American people should know the state of affairs. The Congress should thoroughly investigate this situation and should demand that our cartel policy be restored to its former vigor. We should scrutinize with greater care the administration of the policy to which we have committed ourselves nationally and internationally.

Mr. Speaker, we know that the German warlords began planning World War II while the First World War was still in progress. We know that they used every device, political and economic, to build toward their second try for world dominance. Let us not be so gullible as to suppose that nazism died with defeat. Let us not be so naive as to think that men who countenanced mass slaughter and the horrors of the concentration camp—men who swallowed the mouthings of a Hitler and arrogantly espoused the theory of a master race—have suddenly become mild and altruistic. Let us rather look straight and fearlessly at realities. Let us combat with all our vigor totalitarianisms of every sort, whether of the right or of the left. Let us foster the truly democratic elements in Germany, give them a chance to develop and grow, unstifled by the unholy alliance of the junker and the militarist.

It is thus, and thus only, that we will build a bulwark against aggression from the east. It is only by a program of this sort that we will win the confidence of the peoples of the world.

We failed to learn our lesson after World War I, and the price has been paid in the outpoured blood of thousands of our young men. We must not fail our people or the world a second time. Cartel "business as usual" cannot heal a world in torment nor avert the doom of an atomic war.

Mr. Speaker, I believe that the Congress of the United States should call before the proper committee the makers of our economic policy in Germany and investigate the actions of those who are administering that policy. We should find out now, before the Eightieth Congress adjourns, whether we intend to denazify and decartelize Germany, or whether stealthily and by default we are to embrace the Hitler-makers and restore to the Nazi criminals their monopolistic cartels.

The SPEAKER. Under the previous order of the House, the gentleman from Virginia [Mr. HARDY] is recognized for 15 minutes.

MOTORTRUCK REGULATIONS OF INTERSTATE COMMERCE COMMISSION INTERFERE WITH DISTRIBUTION OF FARM AND FOOD PRODUCTS AND INCREASE THE COST OF THESE PRODUCTS TO THE CONSUMER

Mr. HARDY. Mr. Speaker, the Produce News, published in New York on March 27, 1948, carried an article con-

cerning a decision rendered by the Interstate Commerce Commission on December 16, 1947, which decision is an obvious infringement by the Commission on the agricultural exemptions provided in the Motor Carrier Act of 1935. There are many shippers of farm produce in my district who are disturbed by this ruling, and the Virginia Farm Bureau Federation has asked me to look into the matter. This particular decision is merely one instance of abuses in the administration of the Motor Carrier Act of 1935, and I want to call to the attention of the House certain observations I have made.

Farmers and food distributors are becoming more and more concerned about the effect of the Motor Carrier Act of 1935 on the efficient distribution of farm and food products. This concern relates particularly to the manner in which the act is being administered. I believe that when Congress enacted this legislation, bringing motortruck operations under regulation of the Interstate Commerce Commission, it expected at least two results that have not been achieved. First, it wrote into the act an exemption for unmanufactured agricultural commodities—ICC Act, part II, section 203 (b) 6. Second, it obviously expected that rates established by the Interstate Commerce Commission for truck transportation would be fair and reasonable, and based upon the idea of yielding a fair return to truck operators who are performing an efficient service.

Since the enactment of this act, the Interstate Commerce Commission has constantly encroached on the exemptions for farm products, thus interfering with the movement of those products. Moreover, and even more serious, after removing as much competition as possible in the trucking field, the Commission has allowed the trucking companies favored with operating permits to increase their rates time after time with no hearing to establish a need for the increases. In effect, the Interstate Commerce Commission is granting monopolistic favors to trucking lines throughout the country, thus removing competition as a regulator of rates, and then is allowing general rate increases to these lines practically whenever they are desired by the companies.

To illustrate the extent to which the public is being exploited by the acts of the Commission, let us consider the action of that body in the case of the Southern motor carriers. In March 1948 this group of carriers filed tariffs with the Interstate Commerce Commission increasing their rates by 20 percent. On April 19 the Commission issued an order permitting the increases to become effective in spite of numerous protests by the shipping public. The only apparent reason for permitting this increase was that the Commission had granted the railroads a 20 percent increase based on a showing that they needed such an increase. It appears that it has never occurred to the Commission that one type of carrier may need an increase in rates without another type of carrier needing the same increase. Let us consider for a moment how badly these truckers needed the 20 percent increase the Com-

mission has just granted without a hearing. In 1946 the 29 carriers in this group having operating revenues of \$800,000 or more had a net income before payment of income taxes of 59.1 percent on their capital stock and an estimated rate of return of 20 percent on everything they had invested in their business. It is estimated that in 1947 they earned 119.5 percent on their stock and 35 percent on their total investment. Yet in the face of these figures the Commission allowed the 20-percent rate increases to go into effect, and these increases are in addition to the 20 percent allowed in the recently decided case known as MCC-538, and in addition to the 10 percent increase granted in December 1947 without an investigation, making a 50-percent increase in less than 2 years.

This situation is not confined to the South. On April 16, 1948, the Commission allowed the Middle Atlantic States motor carriers to increase their rates by 17½ percent over January 6, 1948, without suspension or investigation, despite approximately 30 protests filed by interested parties. In 1946 the average rate of return for all class 1 common carriers who operate principally in this territory, after payment of their income taxes and all other taxes, was 9.17 percent of their investment, and in 1947 it is estimated to have been more than 20 percent.

During the past few years the Commission has allowed truckers under its jurisdiction one general rate increase after another without any hearing to make a record upon which to base the increase. In other cases it has told the public it would have a hearing, but let the increases requested go into effect before the hearing.

This Government has traditionally been opposed to monopolies and has fostered the competitive system. We have agencies in the Government whose function is to break up monopolies, but how many of us realize that we also have an agency of our Government busily engaged in granting monopoly rights to one trucker to operate over this road and another over that—roads built with the taxpayers' money—and then authorizing these favored few to increase their rates at will with utter disregard of the public interest. Evidently the Commission, as far as its trucking policy is concerned, has completely forgotten whose interest it is supposed to protect.

Throughout the years this same Commission has taken one action after another to bring more and more types of trucking under its control, so that it can deny operating rights to trucking lines that would dare compete with its favored few. Bureaucracy is constantly reaching out to control more and more of our everyday life. To cut down the agricultural exemption, the Commission has forced many agricultural haulers to return without a load, thus making it necessary to charge enough for the haul in one direction to pay the cost of the trip both ways. It ruled that such a trucker of farm products could not even haul feed back without losing his exemption rights. It went so far as to say that if a hauler of agricultural products even once hauled a nonexempt commodity for pay, his entire operation, including the

hauling of the agricultural commodities, would thereby come under its control—ICC against Parker R. Dunn, Fifth Circuit Court of Appeals, No. 12138. Fortunately, the courts blocked this attempt of the Commission to further extend itself.

Since the passage of the act the Commission has steadily tried to limit the commodities that can be called unmanufactured agricultural and therefore keep their exemption. You may be interested in knowing that the Commission has determined that the following are not exempt: Buttermilk, pasteurized milk, corn that has been cracked, peanuts that have been shelled, tobacco that has been dried by any artificial means, shrimp with their heads cut off, and spinach that has been washed and put in a bag. If the trend of performance of this agency continues, it will be reasonable to expect a decision at some future time that an apple in a box is not an agricultural product or that a potato loses its exemption if it is washed and put in a sack.

The Commission is not only granting monopoly rights to its favored few, allowing them one rate increase after another without a showing of need, and trying to eliminate as much competition as possible by cutting down on the exemptions the Congress intended for agriculture, but it is also beginning to try to move in on private carriers hauling their own products. It has been seriously proposed that, if a private carrier obtains any more compensation for a product after he delivers it than he could have obtained if he left it at the factory, he is subject to the Commission. The decision of the full Commission on this is awaited with much interest.

Perishable agricultural products in an area are harvested in a short season. They must be moved speedily from everywhere to everywhere to give the Nation's consumers the variety of foods they need and to get every possible market for the product of the farm. No Government bureaucrat can regulate the routes over which these products can move without interfering with the marketing of the product. No such bureaucrat can say how many trucks will be needed to move these products. There is enough competition in the trucking industry to give us the rate regulation we need. At least competition can do a better job than the Interstate Commerce Commission has demonstrated it can do under its policy of monopoly granting and rate increasing without regard for economic factors.

The record of the Commission in administering the Motor Carrier Act of 1935 has shown such a flagrant disregard of public interest that the place has been reached where the Congress should repeal or amend the Motor Carrier Act or have an investigation of the Commission or particularly of those persons on the Commission who are responsible for these actions in the motortruck field.

I am a member of the Committee on Expenditures in the Executive Departments. It might be well for our committee to look into the manner in which appropriated funds for administering

this act are being spent. I shall speak to my chairman about this.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 2385. An act to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 2565. An act to provide for a temporary extension of title VI of the National Housing Act, as amended; to the Committee on Banking and Currency.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 182. An act for the relief of Sgt. John H. Mott;

S. 576. An act for the relief of Dan C. Rodgers;

S. 981. An act for the relief of Carl W. Sundstrom;

S. 1142. An act for the relief of Anna Pechnik;

S. 1164. An act for the relief of Doris D. Chrisman;

S. 1620. An act to establish eligibility for burial in national cemeteries, and for other purposes;

S. 1630. An act for the relief of Louis L. Williams, Jr.;

S. 1648. An act to authorize the expenditure of income from Federal Prison Industries, Inc., for training of Federal prisoners;

S. 1806. An act for the relief of Ensign Merton H. Peterson, United States Naval Reserve; and

S. 1875. An act for the relief of the estate of Francis D. Shoemaker.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 37 minutes p. m.) the House, under its previous order, adjourned until Monday, May 10, 1948, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1525. A letter from the Under Secretary of State, transmitting a draft of a proposed bill to continue the authorization for the appointment of two additional Assistant Secretaries of State; to the Committee on Foreign Affairs.

1526. A letter from the Acting Secretary, Department of Agriculture, transmitting a draft of a proposed bill to amend section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended; to the Committee on Agriculture.

1527. A letter from the Postmaster General, transmitting the United States Post Office Department Cost Ascertainment Report and Appendix for the fiscal year 1947; to the Committee on Post Office and Civil Service.

1528. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill to amend section 3552 of the Revised Statutes relating to the covering into the Treasury of all moneys arising from charges and deductions; to the Committee on Banking and Currency.

1529. A letter from the Chairman pro tempore, Board of Governors of the Federal Reserve System, transmitting the thirty-fourth

annual report, covering operations of the Federal Reserve System during the calendar year 1947; to the Committee on Banking and Currency.

1530. A letter from the Secretary of the Army, transmitting a draft of a proposed bill to provide that personnel of the National Guard of the United States and Organized Reserve Corps shall have a common Federal appointment or enlistment as reserves of the Army of the United States, to equalize disability benefits applicable to such personnel, and for other purposes; to the Committee on Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOFFMAN: Committee on Expenditures in the Executive Departments. S. 1302. An act to aid the associations, groups, organizations, and institutions encouraging participation of the youth of the country in athletic and sports programs by making surplus athletic equipment available to such associations, groups, organizations, and institutions, and for other purposes; with amendments (Rept. No. 1869). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 6419. A bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes; without amendment (Rept. No. 1870). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROWN of Ohio: Committee on Rules. House Resolution 581. Resolution providing for consideration of H. R. 221, a bill to amend the Interstate Commerce Act with respect to certain agreements between carriers; without amendment (Rept. No. 1871). Referred to the House Calendar.

Mr. BROWN of Ohio. Committee on Rules. House Resolution 582. Resolution waiving points of order against H. R. 5852, a bill to combat un-American activities by requiring the registration of Communist-front organizations, and for other purposes; without amendment (Rept. No. 1872). Referred to the House Calendar.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 1873. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. HALE: Committee on Interstate and Foreign Commerce. H. R. 6078. A bill to amend section 303 (e) of the Interstate Commerce Act, as amended; without amendment (Rept. No. 1874). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 4688. A bill to enlarge the Gettysburg National Cemetery; with amendments (Rept. No. 1875). Referred to the Committee of the Whole House on the State of the Union.

Mr. AUCHINCLOSS: Committee on the District of Columbia. H. R. 6227. A bill to provide for home rule and reorganization in the District of Columbia; with amendments (Rept. No. 1876). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KEATING:

H. R. 6460. A bill to provide for additional tax deductions from the gross income for certain working widows of war veterans, and

for other purposes; to the Committee on Ways and Means.

By Mr. SMITH of Virginia:

H. R. 6461. A bill to authorize the issuance of a stamp commemorative of the two hundredth anniversary of the founding of the city of Alexandria, Va.; to the Committee on Post Office and Civil Service.

By Mr. AUGUST H. ANDRESEN:

H. R. 6462. A bill to provide for the deduction from gross income for income-tax purposes of expenses incurred by farmers for the purpose of soil and water conservation; to the Committee on Ways and Means.

By Mr. BROPHY:

H. R. 6463. A bill to incorporate the Army and Navy Union; to the Committee on the Judiciary.

By Mr. KENNEDY:

H. R. 6464. A bill to incorporate the National PT Veterans' Association; to the Committee on the Judiciary.

By Mr. MATHEWS:

H. R. 6465. A bill to amend and supplement section 2 of the act approved August 30, 1935, relating to the construction and financing of toll bridges over the Delaware River by the Delaware River Joint Toll Bridge Commission of the Commonwealth of Pennsylvania and the State of New Jersey; to the Committee on Public Works.

By Mr. WOLVERTON:

H. R. 6466. A bill to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development; to the Committee on the District of Columbia.

By Mr. BUSBEY:

H. R. 6467. A bill to amend section 4 (a) of the Securities Exchange Act of 1934, as amended, with respect to the salaries of members of the Securities and Exchange Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. HAND:

H. R. 6468. A bill to authorize the Coast Guard to establish, maintain, and operate aids to navigation; to the Committee on Merchant Marine and Fisheries.

H. R. 6469. A bill to authorize the Coast Guard to operate and maintain ocean stations; to the Committee on Merchant Marine and Fisheries.

By Mr. BREHM:

H. R. 6470. A bill to provide for, foster, and aid in coordinating research relating to dental diseases and conditions, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSS:

H. R. 6471. A bill to amend the National Labor Relations Act to eliminate certain elections required by such act; to the Committee on Education and Labor.

By Mr. LANHAM:

H. R. 6472. A bill for the relief of Chattooga County, Ga.; to the Committee on the Judiciary.

By Mr. REED of New York:

H. J. Res. 395. Joint resolution to extend the time for the release, free of estate and gift tax, of powers of appointment; to the Committee on Ways and Means.

By Mr. TOLLEFSON (by request):

H. J. Res. 396. Joint resolution to continue until December 31, 1949, the authority of the United States Maritime Commission to make provision for certain ocean transportation services to, from, and within Alaska; to the Committee on Merchant Marine and Fisheries.

By Mr. HOLIFIELD:

H. Con. Res. 194. Concurrent resolution recommending the revision of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. MULTER:

H. Con. Res. 195. Concurrent resolution recommending the revision of the United

Nations Charter; to the Committee on Foreign Affairs.

By Mr. KILDAY:

H. Con. Res. 196. Concurrent resolution to express the sense of the Congress that the 7th day of March of each year be known and designated in the several States as Friendship Day; to the Committee on the Judiciary.

By Mr. WOLVERTON:

H. Res. 585. Resolution authorizing the printing of the report of the Federal Power Commission on the natural gas investigation as a House document; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS of Louisiana:

H. R. 6473. A bill for the relief of Emma Thompson Martinez; to the Committee on the Judiciary.

By Mr. BROWN of Ohio:

H. R. 6474. A bill for the relief of Bram B. Tellekamp; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 6475. A bill for the relief of Erwin F. Earl; to the Committee on the Judiciary.

H. R. 6476. A bill for the relief of Elizabeth and Lawrence Wong; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 6477. A bill for the relief of Nicoletta and Guilia Pontrelli; to the Committee on the Judiciary.

By Mr. BARTLETT:

H. R. 6478. A bill for the relief of William Bergen; to the Committee on the Judiciary.

By Mr. LEA:

H. R. 6479. A bill for the relief of Maria Geertrude Mulders; to the Committee on the Judiciary.

By Mr. WIGGLESWORTH:

H. R. 6480. A bill for the relief of William A. Cross; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1872. By the SPEAKER: Petition of Miss Mabel M. Hand, Daytona Beach, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1873. Also, petition of Mrs. Albina Bibeau, St. Petersburg, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1874. Also, petition of the Common Council of the City of Milwaukee, petitioning consideration of their resolution with reference to support of a house-building program, relative to the Taft-Ellender-Wagner bill; to the Committee on Banking and Currency.

1875. Also, petition of the Board of Supervisors of the City and County of Honolulu, petitioning consideration of their resolution with reference to a request to extend the right of naturalization to all immigrants having a legal right to permanent residence and to make immigration quotas available to Asiatic and Pacific peoples as provided by House bill 5004; to the Committee on the Judiciary.

1876. Also, petition of Sam Wanamaker, New York, N. Y., and others, petitioning consideration of their resolution with reference to urging defeat of the House Un-American Activities Committee's proposed legislation entitled "The Subversive Activities Control Act"; to the Committee on Un-American Activities.

SENATE

MONDAY, MAY 10, 1948

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Forgive us, Lord Jesus, for doing the things that make us uncomfortable and guilty when we pray.

We say that we believe in God, and yet we doubt God's promises.

We say that in God we trust, yet we worry and try to manage our own affairs.

We say that we love Thee, O Lord, and yet do not obey Thee.

We believe that Thou hast the answers to all our problems, and yet we do not consult Thee.

Forgive us, Lord, for our lack of faith and the willful pride that ignores the way, the truth, and the life.

Wilt Thou reach down and change the gears within us that we may go forward with Thee. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 6, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations and withdrawing a nomination were communicated to the Senate by Mr. Miller, one of his secretaries.

THREATENED RAILROAD STRIKE

Mr. KNOWLAND. Mr. President, I ask unanimous consent that I may introduce a bill out of order and make a brief explanation.

The PRESIDENT pro tempore. The order at the moment is the morning business. Is there objection to the request of the Senator from California? The Chair hears none, and the Senator is recognized.

Mr. KNOWLAND. Mr. President, this Nation is faced with the threat of a major strike which would throttle our rail transportation system, undermine the economic structure of the United States, and thereby endanger the public welfare. That this should happen at a time when the stability of America is the principal guaranty for the peace of the world is unthinkable.

The membership of organized labor is composed of loyal citizens. I feel certain that the overwhelming number of them have a sense of responsibility to the Nation and a recognition of the part our country must play if there is to be a rehabilitation of the war-torn world.

Certainly the responsible leaders of labor must fully recognize the catastrophic nature of a shut-down in rail transportation. It would not only kick the economic props out from under our transportation system, but it would cause untold losses and suffering to other industrial workers, to farmers and consumers alike.

In addition, it would strike a mortal blow at the effectiveness of the European recovery program at a critical moment in international affairs.

This is a power which no responsible leader of organized labor should use. It is most certainly a power which no irresponsible leader should have. No man or group of men has the right to strangle the economic life of 140,000,000 Americans and to endanger the peace and stability of the world.

I am introducing a bill repealing section 212 of the Labor-Management Relations Act of 1947 which made that act inapplicable to the railroads. If this is not sufficient to give the Federal Government, representing all the people, an opportunity to protect the national well-being, then I believe that the Congress of the United States should meet in day and night session until adequate legislation is enacted.

The common welfare of the whole Nation must and shall transcend the special privileges of any segment. If such a thing as this threatened strike takes place, a major part of our economy will grind to a close and the action of the Congress in passing national defense legislation and the European recovery program will be nullified to a large extent. This cannot and must not be.

There being no objection, the bill (S. 2619) to make applicable to common carriers by rail the provisions of title II of the Labor-Management Relations Act, 1947, introduced by Mr. KNOWLAND, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

THE ELECTORAL COLLEGE—PROPOSED CONSTITUTIONAL AMENDMENT

Mr. LODGE. Mr. President, last week the Senate Committee on the Judiciary by an overwhelming majority reported favorably Senate Joint Resolution 200, proposing a constitutional amendment to provide that the electoral votes in electing the President of the United States shall be counted in proportion to the popular vote. I intend to bring the resolution up for discussion on the floor of the Senate at the earliest opportunity. An identical proposal has been reported unanimously by the House Committee on the Judiciary.

I ask unanimous consent that there be printed at this point in the Record an editorial entitled "No Electoral College" from the Boston Herald of May 6, 1948.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

"NO ELECTORAL COLLEGE"

The process by which the Presidential vote of the States is counted as a unit for each and cast by a peculiar body of Presidential electors who have no visible usefulness is not alone quaintly archaic. It results in the virtual disfranchisement of millions of voters, it centers the major efforts of both parties in the uncertain States, it has permitted the election of a President who was not the choice of the majority of voters, and it involves a complex and unreliable system of election when no candidate receives a majority of the electoral votes. Why we have kept it all these years is a problem in democratic procrastination.

Now the Senate Judiciary Committee has reported a resolution for a constitutional amendment to remedy these defects. Submitted by Senator Lodge, it ingeniously retains what is good of the present system, but corrects what is wrong. A similar bill has